

STEEL INDUSTRY (SPECIAL MEASURES) BILL

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Steel Industry (Special Measures) Bill as introduced in the House of Commons on 12 April 2025 (Bill 221).

These Explanatory Notes have been prepared by the Department for Business and Trade in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament.

These Explanatory Notes explain what each part of the Bill will mean in practice; provide background information on the development of policy; and provide additional information on how the Bill will affect existing legislation in this area.

- These Explanatory Notes might best be read alongside the Bill. They are not, and are not intended to be, a comprehensive description of the Bill.

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Overview of the Bill

- 1 The Bill introduces a set of new powers for the Secretary of State to make interventions in relation to steel undertakings in England whose assets are, or are at risk of, ceasing to be used, whether on a permanent or temporary basis. It provides for the circumstances in which, and purposes for which, the powers may be exercised. The Bill also creates criminal offences for non-compliance with directions made under the Bill by the Secretary of State. It also includes a mechanism for the Secretary of State to seek a High Court injunction to secure the continued and safe operation of specified assets.

Policy background

- 2 The Government is committed to continuing the support of steel production in the UK. This involves preserving current production capacity to ensure resilience in the production of steel. This Bill enables the Secretary of State to protect steel assets including blast furnaces to continue producing steel. In addition, it seeks to ensure that economic, environmental and safety-related policies that are engaged in steel manufacturing are complied with.

Legal background

- 3 This Bill creates new powers for the Secretary of State to make interventions in relation to steel undertakings in England whose assets are at risk of ceasing to be used, whether on a permanent or temporary basis.

Territorial extent and application

- 4 The Bill extends to England and Wales and applies to undertakings in England.
- 5 See the table in Annex A for a summary of the position regarding territorial extent and application in the United Kingdom.

Fast-Track legislation

- 6 The Government has asked Parliament to expedite the parliamentary progress of the Bill. In its report on Fast-track Legislation: Constitutional Implications and Safeguards¹, the House of Lords Select Committee on the Constitution recommended that the Government should provide more information as to why a piece of legislation should be fast-tracked².

Why is fast-tracking necessary?

- 7 Fast-tracking is necessary because powers are needed on an urgent basis to ensure steel assets are not closed down and steel production irrevocably ended.

¹ [House of Lords' Constitution Committee, 15th report of session 2008/09, HL paper 116-I](#)

² [House of Lords' Constitution Committee, 15th report of session 2008/09, HL paper 116-I, para. 186](#)

What is the justification for fast-tracking each element of the bill?

- 8 Each element of the Bill is necessary, proportionate and needed on an urgent basis to give the Secretary of State appropriate powers while respecting the rights of interested parties, including the owners, creditors and employees.

What efforts were made to ensure the amount of time made available for parliamentary scrutiny was maximised?

- 9 The Bill was introduced as soon as the need for primary legislation in this area became clear.

To what extent were interested parties and outside groups given an opportunity to influence the policy proposal?

- 10 Interested parties, including the owner of British Steel, the union that represents the workers, have been in extended negotiations with the Department for Business and Trade over offers to subsidise the operation of the company in a lawful way, having regard to the restrictions on providing rescue and restructuring subsidies in sections 19 and 20 of the Subsidy Control Act 2022.

Does the Bill include a sunset clause (as well as any appropriate renewal procedure)? If not, why does the Government judge that their inclusion is not appropriate?

- 11 The Bill does not include a sunset clause.

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

- 12 The Government concluded that specific measures for post-legislative scrutiny and review were not needed for this Bill.

Was an assessment made as to whether existing legislation was sufficient to deal with any or all of the issues in question?

- 13 The Government is satisfied that existing legislation is not sufficient to deal with the issues addressed by this Bill.

Has the relevant parliamentary committee been given the opportunity to scrutinise the legislation?

- 14 A memorandum on delegated powers has been prepared for the Delegated Powers and Regulatory Reform Committee. A memorandum on the compatibility of the provisions of the Bill with the Convention rights has been prepared for the Joint Committee on Human Rights.

Commentary on provisions of Bill

Clause 1 and Clause 2: Meaning of 'steel undertaking' and Directions about use of assets

- 15 Clause 1 defines 'steel undertaking' as an undertaking in England that manufactures steel.
- 16 Clause 2(1) gives the Secretary of State the power to give a notice to a steel undertaking if it appears to the Secretary of State that the assets have ceased to be used, are at risk of ceasing to be used, or it is in the public interest that their use should resume or continue. Where the Secretary of State has given a notice under clause 2(1), the Secretary of State may give

direction requiring the steel undertaking and relevant persons associated with it to use specified assets in a specified way or to take (or avoid taking) specified steps to ensure the continued and safe use of the specified assets. This includes the power to direct the undertaking to enter into agreements, make payments, refrain from taking insolvency proceedings and sharing information with the Secretary of State.

- 17 A notice or direction by the Secretary of State must be in writing and may be varied or revoked by a subsequent notice or direction. The undertaking and relevant persons associated with it must comply with any directions given by the Secretary of State.

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

- 18 Clause 3 clause gives the Secretary of State the power to take control of assets if they consider that a steel undertaking or a relevant person associated with it has failed or is failing to comply with a direction, or there is a risk the undertaking or the relevant person might fail to comply or frustrate the purpose for which the direction was given.
- 19 Upon taking control of the steel undertaking, the Secretary of State may do anything the steel undertaking, or any relevant person, could do to secure the continued and safe use of the specified assets. This includes entry into the premises, preventing disposal of or dealing with assets, exercising managerial functions and entering into contracts. Anything done by the Secretary of State in this regard is deemed as done by the steel undertaking unless stated otherwise by the Secretary of State in writing. Expenses incurred by the Secretary of State in connection with, the exercise of powers under this Clause are recoverable as a debt due to the Crown from the steel undertaking or the group undertaking in relation to the steel undertaking.

Clause 4: Offences

- 20 The steel undertaking and relevant associated persons commits an offence if they fail to comply with a direction from the Secretary of State without a without reasonable excuse. A group undertaking also commits an offence if it does (or fails to do) something with the intention of preventing or hindering the steel undertaking or a relevant person from complying with the Secretary of State's direction. A person found guilty of the offence is liable, on conviction, to be imprisoned for up to 2 years or a fine or both.

Clause 5: Injunctions

- 21 Clause 5 gives the Secretary of State power to apply to the High Court for an injunction if s/he considers that a steel undertaking, a relevant person or a group undertaking in relation to the steel undertaking has committed or might commit an offence under Clause 4. The High Court may grant an injunction (or interim injunction) on such terms as it thinks fit to secure the continued and safe operation of the specified assets.

Clause 6: Indemnities

- 22 Clause 6 provides an exemption from liability for a person for anything done (or not done) in in compliance with a direction from the Secretary of State or as a result of a step taken by the Secretary of State to secure the continued and safe use of the specified assets. The Secretary of State may pay compensation to any person in respect of any loss incurred by them as a result of actions taken to comply with directions.

Clause 7: Compensation scheme

- 23 Clause 7 confers a power on the Secretary of State to make regulations providing for paying compensation to a steel undertaking to which a notice has been given under Clause 2 as a result of the exercise of the Secretary of State's functions under the Bill.

Clause 8: Financial provision

- 24 Clause 8 provides that any expenses incurred by the Secretary of State under or by virtue of this Act or any increase under any other Act attributable to this Act is to be paid out of money provided by Parliament.

Clauses 9 and 10: Interpretation, Extent, commencement and short title

- 25 Clause 9 sets out the key definitions used in the Bill.
- 26 Clause 10 provides that the Bill shall extend to England and Wales only. The Bill comes into force on the day on which it is passed.

Commencement

- 27 The provisions in the Bill come into force on the day the Bill is passed.

Financial implications of the Bill

- 28 The Bill contains provision to enable the Secretary of State to ensure continued operation of a critical national industry. Given the emergency nature of this legislation an impact assessment has not been produced at the present time.

Parliamentary approval for financial costs or for charges imposed

- 29 The Bill requires a money resolution. A money resolution is required where a bill authorises new charges on the public revenue - broadly speaking, new expenditure. In this case a money resolution is required because of expenses that the Secretary of State could incur as a result of the exercise of the functions conferred by the Bill.

Compatibility with the European Convention on Human Rights

- 30 The Government considers that the Bill is compatible with the European Convention on Human Rights (ECHR). Accordingly, the Rt Hon Jonathan Reynolds MP, Secretary of State for Business and Trade and President of the Board of Trade, has made a statement under section 19(1)(a) of the Human Rights Act 1998 to this effect.
- 31 The principal human rights issue that could be said to be raised by the Bill is compatibility with the right to protection of property in Article 1 of Protocol 1 to the ECHR (A1P1). It also engages Article 6 (right to fair procedure, e.g. in respect of criminal offences) and Article 8 (right to private and family right, given the potential implications of the Bill on employment issues). The Bill contains appropriate substantive and procedural safeguards, including a power for the Secretary of State to make regulations to set up a compensation scheme which will enable the Secretary of State to ensure that any particular directions made or actions taken comply with A1P1.

Duty under Section 20 of the Environment Act 2021

- 32 The Rt Hon Jonathan Reynolds MP, Secretary of State for Business and Trade and President of the Board of Trade, is of the view that the Bill as introduced into the House of Commons does not contain provision which, if enacted, would be environmental law for the purposes of section 20 of the Environment Act 2021. Accordingly, a statement under this section has not been made.

Duty relating to the impact of the Bill on the UK Internal Market (Northern Ireland)

- 33 As required under the Windsor Framework (Constitutional Status of Northern Ireland) Regulations 2024 which amend the European Union (Withdrawal) Act 2018 the Minister in charge of a Bill will need to make a written statement about the consistency of that Bill with the UK internal market.
- 34 The Government have determined that the Bill does not contain provisions, which if enacted, would affect trade between Northern Ireland and the rest of the UK. Accordingly, no statement under section 13C of the European Union (Withdrawal) Act 2018 has been made.

Annex A - Territorial extent and application in the United Kingdom

Provision	England	Wales		Scotland		Northern Ireland	
	Extends to E & W and applies to England?	Extends to E & W and applies to Wales?	Legislative Consent Motion process engaged?	Extends and applies to Scotland?	Legislative Consent Motion process engaged?	Extends and applies to Northern Ireland?	Legislative Consent Motion process engaged?
1 [Part Title]							
Clause 1	Yes	No	No	No	No	No	No
Clause 2	Yes	No	No	No	No	No	No
Clause 3	Yes	No	No	No	No	No	No
Clause 4	Yes	No	No	No	No	No	No
Clause 5	Yes	No	No	No	No	No	No
Clause 6	Yes	No	No	No	No	No	No
Clause 7	Yes	No	No	No	No	No	No
Clause 8	Yes	No	No	No	No	No	No
Clause 9	Yes	No	No	No	No	No	No
Clause 10	Yes	No	No	No	No	No	No

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