



Department for
Business, Energy
& Industrial Strategy

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11 November 2019

Dear Permanent Secretary,

**RESPONSE TO AO LETTER - CONTINUATION OF OR INDEMNITY TO PURSUE A
SALE OF BRITISH STEEL LIMITED**

Thank you for your letter of 11 November 2019.

I have decided to issue a Ministerial Direction for the continuation of the OR indemnity further to 11th November to pursue a sale of British Steel Limited (BSL), in the event that the Official Receiver assesses, under his duties to creditors and answerable to the Courts, that there is still a reasonable prospect of a sale.

There are a number of good policy reasons to justify the continuation of the indemnity and the alternative is unenviable. Without the Government intervening, the steelworks at Scunthorpe could close as a result. This would result in a large number of skilled and relatively high wage jobs being lost, which would have a significant long-term impact on the local economy.

In addition, the closure of the steelworks will also mean the loss of the second biggest steelmaker in the UK and would leave just one integrated steelmaking site in the UK, at Port Talbot. This would have a significant strategic impact on the UK steel sector and would disrupt a number of key sectors, including construction and rail.

As you rightly highlight, your assessment is based off limited information and includes uncertainty as Jingye continues to undertake their due diligence exceptionally quickly. This by no means signals that they cannot complete a deal and continue steel making in Scunthorpe on a long-term basis.

As a result, I am prepared to provide support to British Steel. I am therefore formally directing you as Accounting Officer to take this forward with immediate effect.

I am copying this letter to the Comptroller and Auditor General and the Treasury Officer of Accounts and note that your letter and this reply will be published once any confidentiality requirements fall away.

Yours sincerely,

THE RT HON ANDREA LEADSOM
Secretary of State for Business, Energy & Industrial Strategy