

## Steel Industry (Special Measures) Bill 2025

<b>Lead department</b>	Department for Business and Trade
<b>Summary of proposal</b>	The proposal is to provide emergency powers to keep key steelmaking assets in operation.
<b>Submission type</b>	Impact assessment – 3 <sup>rd</sup> November 2025
<b>Legislation type</b>	Primary legislation
<b>Implementation date</b>	2025
<b>RPC reference</b>	RPC-DBT-25101-IA (1)
<b>Date of issue</b>	08 December 2025

## RPC opinion

<b>Rating<sup>1</sup></b>	<b>RPC opinion</b>
<b>Fit for purpose</b>	The Department has evidenced the problem under consideration. The IA generates and discusses four long-list options. The Department justifies the short-list option, as this is focused on a short-term emergency tool and there are no further viable alternative options at this point. The IA has identified the key impacts from the short-list option and provides a break-even analysis to indicate the scale of these. The qualitative discussion of the proposed option and monetised analysis used to justify the preferred approach is sufficient.

<sup>1</sup> The RPC opinion rating is based only on the robustness of the rationale, options identification (including SaMBA) and justification for preferred way forward, as set out in the [Better Regulation Framework guidance](#). RPC ratings are fit for purpose or not fit for purpose.

## RPC summary

Category	Quality <sup>2</sup>	RPC comments
Rationale	<b>Green</b>	The IA evidences the problem under consideration but could draw more on the evidence provided by the Redcar closure to support the rationale. The IA's argument for intervention is focused on market failures. The IA provides sufficient objectives but should provide a clearer theory of change.
Identification of options (including SaMBA)	<b>Green</b>	The Department has generated four options for its long-list, including a non-regulatory option. The IA justifies the short-list option but could have used the Green Book tools (strategic options framework filter and critical success factors) to support this process. The Department has provided a sufficient SaMBA as the policy is expected to benefit all businesses.
Justification for preferred way forward	<b>Green</b>	The IA has identified the key impacts from the short-list option and provides a break-even analysis to indicate the scale of these, alongside qualitative discussion. The OA could provide further detail on the data and assumptions that underpin the benefit analysis. The qualitative discussion of the proposed option and monetised analysis used to justify the preferred approach is sufficient.
Regulatory Scorecard	<b>Satisfactory</b>	The IA considers the impact of the preferred option on welfare, businesses and households. The IA could provide rough calculations for the potential administrative burden for businesses under special measures. The Department identifies positive distributional impacts.
Monitoring and evaluation	<b>Weak</b>	The Department outlines the indicators which will be used to underpin the review. The OA should detail the datasets that will be used to gather these metrics.

<sup>2</sup> The RPC quality ratings are used to indicate the quality and robustness of the evidence used to support different analytical areas. The definitions of the RPC quality ratings can be accessed [here](#).

## Summary of proposal

The Steel Industry (Special Measures) Bill 2025 provides the Secretary of State with targeted emergency powers to secure the continued and safe use of strategic steelmaking assets in the UK (e.g. blast furnaces). Under this Bill, if the Secretary of State considers that there is a risk that such assets may cease to be used and it is in the public interest to secure their continued use, for example if a strategic steel plant is at imminent risk of closure or disorderly wind-down, the Government may issue binding directions to the operator (a “steel undertaking”) to ensure continued use of those assets (clause 2). Where the Secretary of State considers that a steel undertaking or a relevant person in relation to that undertaking has not complied with those directions, or there is a risk that the steel undertaking may not comply with those directions, the Secretary of State may take appropriate steps to ensure that continued safe use of those assets takes place, including stepping in to take the actions the steel undertaking had been required to take, entering into agreements, appointing officers of the steel undertaking to preserve safe steelmaking capacity (clause 3).

The IA includes four options in its long-list:

1. Counterfactual (“Do Nothing”) scenario
2. Financial Incentives
3. Civil Contingencies Act 2004
4. New Primary Legislation (preferred)

## Rationale

### Problem under consideration

The IA outlines the problem under consideration; private sector owners of steelmaking assets may close significant assets when facing financial losses, which would result in the UK losing its domestic steelmaking capability. The IA evidences this problem, drawing on case studies from recent history such as the 2015 Redcar steelworks closure. These steelworks faced increased operating costs and global oversupply, and their closure resulted in a permanent loss of industrial capability. The IA also evidences the significance of steelmaking assets, outlining that 52% of global steel use is used in critical sectors. However, the IA could draw more on the evidence provided by the Redcar closure to support the problem under consideration, including data such as jobs lost and the downstream impacts on the local economy and domestic steel supply. The IA could also further develop the problem statement, explaining how the financial problems facing the steel industry have occurred, alongside additional evidence of these. This would help to drive the current significance of the problem.

The IA could have also benefitted from drawing on international evidence to support its rationale for intervention. For instance, the Department could have referenced examples of other approaches to support strategically important industries, such as the Defence Production Act in the USA and steel subsidies in Germany. This would have demonstrated the international precedent of these powers, further supporting the case for intervention.

### **Argument for intervention**

The IA's argument for intervention is focused on national security and the associated public risk. The IA explains that private owners of steelmaking assets prioritise their short-term viability over the UK's long term industrial resilience, posing significant public risk and resulting in externalities. However, the IA could benefit from expanding on these arguments, clarifying if steelmaking assets are a local monopoly and further explaining the positive externalities that occur, alongside any relevant evidence.

### **Objectives and theory of change**

The IA provides sufficient objectives, outlining how they meet the SMART framework. However, the IA could be improved by detailing how the Department plans to measure the indicators listed and ensuring the objectives are time-bound. Whilst the Department details the timebound nature of the legislation itself, this should be detailed specifically for the objectives. The IA should provide a theory of change, clearly setting out how the inputs of the proposal are expected to link to the final impacts..

## **Identification of options (inc. SaMBA)**

### **Identification of options**

The Department has generated four options for its long-list, including a do-nothing option, the option to use the Civil Contingences Act and the preferred option to allow special measures to be taken for the continued safe use of steel assets for steel undertakings. The Department details these options in the IA, describing qualitatively what they would involve. However, the assessment could also be improved by including detail on the process behind developing the long-list of options, such as how research and other evidence have been used to form these policies. The long-list of options could benefit from using the Green Book's Strategic Options Framework Filter (SOFF), which could help present the long-list in greater detail whilst retaining a clear and concise structure.

The Department explains that only the preferred option is taken through to the short-list. The IA justifies this as the proposal was focused on a short-term emergency tool limited to specified purposes surrounding maintaining the status quo, meaning no further short-list options could be generated. The RPC considers this sufficient, as the measure was originally exempt from RPC scrutiny as an urgent emergency measure. Therefore, there are no further viable alternative options at this point as the

emergency powers have already been implemented. Furthermore, the Department is also developing an options assessment for the future long-term use of these powers, which will likely contain further options. Nonetheless, the IA could have used the Green Book's critical success factors (CSFs) to display a systematic process of how the long-listed options were discarded to produce the short-list option. The use of CSFs could provide a clearer argument for why certain long-list options were discounted.

Overall, the Department has reasonably made the case for introducing the new emergency powers relative to the do-nothing option, as the do-nothing option would mean the Government would lack any rapid intervention mechanisms and the do-nothing option would result in the collapse of domestic steelmaking capability.

The Department includes a non-regulatory policy alternative in its long-list: Financial Incentives. The IA explains that prior to regulation, the Government offered financial incentives to avoid pre-emptive closure of blast furnaces by providing funding for their raw material. These grants were not accepted, demonstrating how non-regulatory tools would not be sufficient to meet the intended objective of the policy. The IA could be improved by providing additional detail on these grants, further discussing why the owners of steelmaking assets rejected financial assistance. This would be helpful to understand the economics of the intervention and the policy options.

### **SaMBA and medium-sized business (MSB) assessment**

The Department has provided a sufficient SaMBA. The IA justifies why exemptions for SMBs are not appropriate, explaining that the policy is expected to benefit all businesses by securing continuity of steel supply and allowing the steelmaking assets to remain operational. While SMBs are not directly regulated under the Special Measures (as there are no SMBs engaged in primary steelmaking), the overall objective of maintaining domestic steelmaking capacity would support stability in the wider supply chain, which could in turn benefit SMBs reliant on consistent steel availability. Furthermore, if SMB steelmaking assets did develop, the proposal would benefit them. Nevertheless, the OA would benefit from considering any potential mitigations for downstream SMBs facing uncertainty.

## **Justification for preferred way forward**

### **Appraisal of the shortlisted options**

The IA has identified the key impacts from the short-list option and provides an indicative break-even analysis to demonstrate the scale of benefits that would need to be delivered in order to offset the costs. The IA states that the break-even analysis should be viewed as indicative and should be weighed alongside other qualitative factors such as national resilience and industrial sovereignty. The Department estimates the potential operating costs (to offset existing losses only) for a 1.5Mt per annum blast furnace site to be £150m - £195 m/yr, based on the reported losses by Tata Steel and British Steel. The IA then identifies three benefits categories which would need to deliver significant contributions for this expenditure to break-even. For

example, three thirty-day delays at £2.2 million a day would need to be avoided to offset the upper cost estimate. The IA explains that the benefits would likely need to be delivered in combination to outweigh the costs but could provide further discussion on the likelihood of these occurring.

The IA fully explains the three benefit categories; supply chain continuity, strategic resilience premium and safety and health, setting out how these benefits would occur. However, the OA could provide further detail on the data and assumptions that underpin the benefit analysis. For instance, whilst the IA states that the unit value of a fatality and major injury is derived from HSE (Health and Safety Executive) analysis the IA could further explain how HSE has calculated these values. The Department could also explain how the notional security premium of 10-15% has been derived as this assumption is not fully explained. Similarly, the IA could provide further detail on the cost of delay per day for megaprojects has been calculated, and how industry benchmarks have contributed to this unit value.

The IA could also benefit from providing further detail on the counterfactual position for these benefits. In particular, the Department could provide more clarity on the current safety arrangements in place for decommissioning steelmaking assets, as it is unclear why they currently do not have safe decommissioning plans as with other industrial sites. This clarification would help to identify the additional impact of the safety and health benefits, strengthening the case for the proposed approach.

Overall, the IA has provided a sufficient combined qualitative and quantitative assessment, considering a range of impacts from the proposal and the different groups affected.

### **Selection of the preferred option**

The IA explains that implementing new primary legislation to create a statutory 'special measures' regime to prevent the shutdown of steel assets is the preferred option. The IA outlines some key reasons for selecting this as the preferred option compared to the 'do-nothing' option. Without the targeted intervention to maintain steel assets, market forces could permanently erase strategic industrial assets, as occurred with past closures. Overall, the loss of a strategic national capability will likely exceed the fiscal cost of temporary support when all public interest factors are taken into account. Furthermore, this option is justified as preferred as it was focused on a short-term emergency tool and has already been implemented as emergency powers. The qualitative discussion of the proposed option and monetised analysis used to justify the preferred approach is sufficient.

## **Regulatory Scorecard**

### **Part A**

#### **Impacts on total welfare**

The IA does not provide an NPSV estimate but qualitatively discusses the impact of the preferred option on social welfare, explaining that whilst the preferred option will increase welfare by averting a collapse of a steelmaking capability, preventing large economic losses, it also requires public costs. The IA therefore indicates an uncertain impact on total welfare. The Department provides rough figures to indicate the scale of public costs and also discusses a range of non-monetised benefits.

### **Impacts on business**

The IA does not provide an EANDCB as it is not possible to provide plant-level analysis. The scorecard instead discusses the types of impacts faced by businesses and identifies the businesses impacted, large scale integrated steelworks or major facilities of the steel companies under special measures. The Department concludes that whilst the intervention may be negative in the short-run due to the administrative and operational costs when under special measures, these firms are usually in financial distress at the point of intervention, and the policy helps prevent them from failing outright. However, the IA could benefit from providing some indicative figures or rough calculations for the potential administrative burden of firms under special measures. For instance, the IA could multiply different assumptions on the time taken to undertake these activities by a range of potential staff numbers involved and their wage. Whilst this estimate would remain uncertain, it would form a useful scenario analysis and could indicate a range of plausible values for these costs.

### **Impacts on households, individuals or consumers**

The IA indicates that the preferred option is expected to have a positive impact on households, largely due to improved job security and community stability. The IA could provide some supporting figures on the jobs in scope. For households as consumers, whilst costing the taxpayer, the proposal may help stabilise prices or ensure the supply of certain goods.

### **Distributional impacts**

The Department has identified a positive distributional impact, as the proposal is beneficial to specific regions within England where steel production is concentrated. The IA could be improved by including any data on this distribution.

## **Part B**

The Department indicates a neutral impact of the preferred option on business environment. The IA explains that the measure will potentially deter investment due to state intervention but will support long-term industrial resilience and innovation. The IA could expand its discussion of this impact, considering how government intervention will impact the overall market for steel and competitiveness of the industry. The IA could also provide supporting evidence of potential innovation impacts. The Department explains that the proposal will also have a neutral impact on natural capital and decarbonisation, as the preferred option to keep the plants open may prolong emissions in the short-term but allow for future decarbonisation efforts. The IA indicates that the preferred option will have an uncertain impact on international considerations. Whilst the intervention is domestically focused and



imposes no direct trade barriers, there are potential risks if the proposal is seen as a market distortion.

## Monitoring and evaluation

As primary stage legislation, the Bill does not need to include a statutory review clause. However, the IA states that when the powers are triggered, the Department will design and implement a tailored M&E approach to consider the outcomes of the intervention. The IA outlines some indicators that could be used evaluate the success of the policy, including metrics on production volumes, jobs saved and safety incidents. However, the IA could be strengthened by outlining the available datasets it will use to find and obtain these metrics, and how the data will be gathered. The IA should also confirm how stakeholder feedback will be obtained (e.g. through interview or survey). The IA could also benefit from setting out the high-level research questions that will shape the future evaluation. These could be clearly linked to the SMART objectives identified earlier in the OA.

### Regulatory Policy Committee

For further information, please contact [enquiries@rpc.gov.uk](mailto:enquiries@rpc.gov.uk). Follow us on X [@RPC\\_Gov\\_UK](https://twitter.com/RPC_Gov_UK), [LinkedIn](https://www.linkedin.com/company/rpc-gov-uk/) or consult our website [www.gov.uk/rpc](http://www.gov.uk/rpc). To keep informed and hear our views on live regulatory issues, subscribe to our [blog](#).