

British Steel Scunthorpe: Asking the Right Questions



Deliberations on the Future of the Steelworks

18 May 2026

Our Credentials



EDUCATION & QUALIFICATIONS

PhD King's College London (1978–81)

BSc (1st Class) King's College London (1975–78)

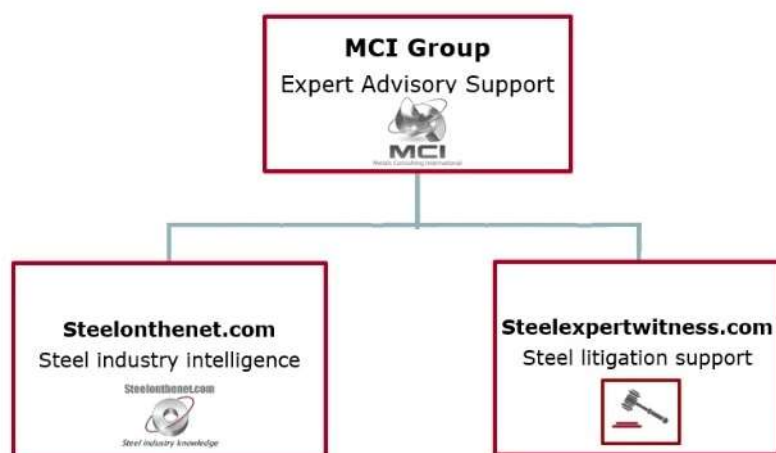
MBA Cranfield SoM (1985–86)

FIC Fellow, Institute of Consulting

FIMMM Fellow, IOM3

Experience 35 yrs steel consulting; ex-Hatch

ORGANISATION & INDEPENDENCE



PRINCIPAL ROLES & MANDATES

European Commission
Restructuring adviser: pre-accession viability determinations — Poland, Czechia, Croatia

Turkish & Ethiopian Governments
Privatisation adviser: Erdemir/Isdemir (Turkey) and multi-Mt greenfield study (Ethiopia)

EBRD
Principal steel sector adviser to EBRD — Central and Eastern Europe (Russia, Kazakhstan, Ukraine). Sits on OECD Steel Committee working groups

World Bank / Citigroup
Feasibility and due diligence — Czech Republic, Nigeria, Angola

UK Parliament — BEIS Committee
Written evidence LS0002 (14 May 2021): Liberty Steel & Future of UK Steel Industry

Expert Witness & Citations
SteelExpertWitness.com: cases exceeding \$500m. 70+ academic citations for Steelonthenet.com: Nature, Cambridge, Harvard, OECD, UK Parliament

Asking the Right Question

The Wrong Question

“What do we do about iron and steelmaking at Scunthorpe?”

- Defensive and reactive
- Enormously expensive with no viable end-point
- Fighting the tide — BF-BOF is economically and environmentally obsolete
- ✗ The March 2026 UK Steel Strategy is silent on Scunthorpe’s future configuration — no transition pathway, no timeline, no fiscal endpoint[†]

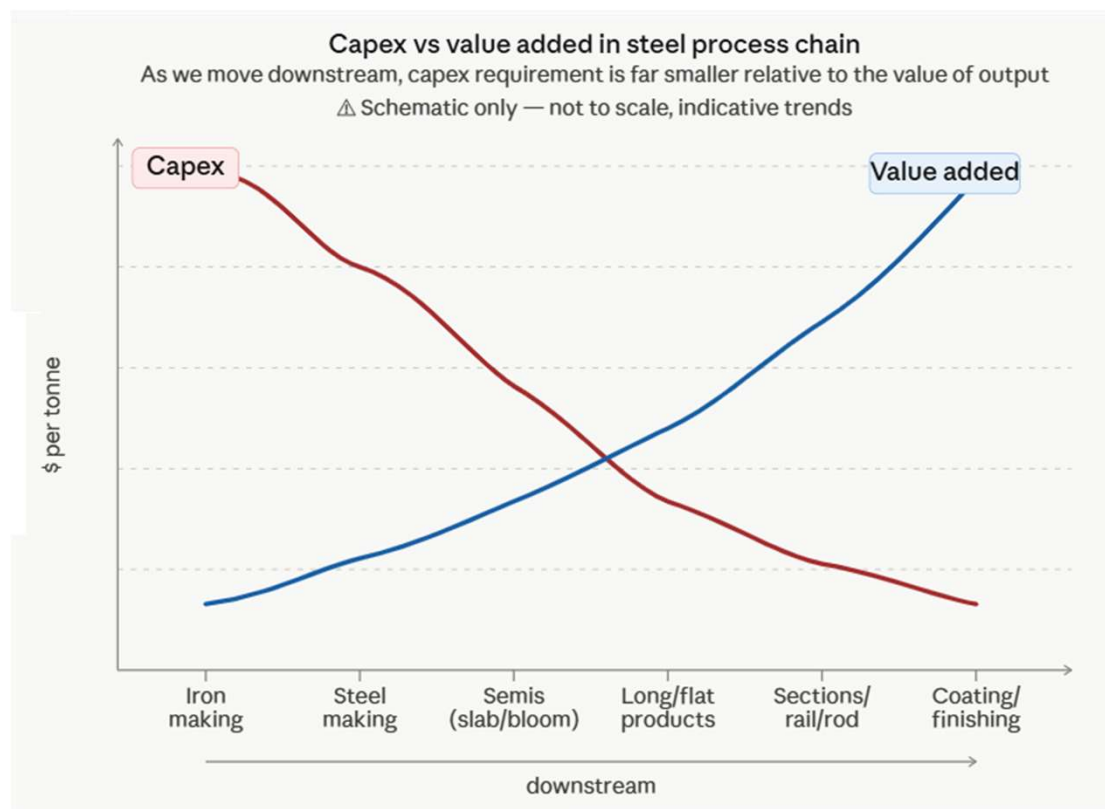
The Right Question

“How do we build Scunthorpe into a world-class steel processing hub - the industrial anchor of the Humber?”

- Ambitious and forward-looking
- Builds on genuine existing strengths — including a world-class rail mill
- Geographically expansive — Scunthorpe as an industrial strategy hub
- Green transition achieved — with significant flat-product import displacement

[†]: See MCI commentary: “Scunthorpe Unresolved: What the UK Steel Strategy Leaves Unsaid” — Steelonthenet.com, March 2026
<https://www.steelonthenet.com/insights/scunthorpe-unresolved.html>

The Investment Logic: Capex vs Value Added



Teesside Cast Products had iron and steelmaking - but stopped at slab. No rolling mills, no value added downstream. It collapsed in 2010. 1700 Teesside workers lost their jobs.

SSI later tried the same upstream-only model at Redcar - and destroyed Thailand's largest steelmaker in the process. No downstream rolling. No resilience. No future - twice.

All this whilst the UK steel market was heavily import-penetrated[†]

See Appendix 1: TCP Case Study

[†]: UK finished flat product steel imports over the 5-year period 2007-2011 averaged at 3.73 mt / year [source: UN Comtrade database].

Historical Precedent: CSN Bid for Corus

CSN'S STRATEGIC RATIONALE — 2006

Brazil's CSN bid for Corus specifically to supply it with Brazilian slabs and billets — enabling Corus to exit iron and steelmaking and reroll imported semi-finished steel in the UK. Tata Steel's own CEO, Muthuraman, noted in 2005 that European iron and steelmaking was "poised at being retired over time." The rerolling model was already understood as the commercial logic — even by Tata's own leadership.

THE AUCTION OUTCOME — 31 JANUARY 2007

Tata won in a late-night auction, bidding 608p — just 5p above CSN's final offer.

Total cost: \$12.1 billion (£6.7bn), half financed by debt loaded onto Corus itself.

NEARLY 20 YEARS OF VALUE DESTRUCTION

\$12.1bn paid in 2007. Since acquisition: Scunthorpe reduced to minimal operations sustained only by government emergency support; South Wales primary steelmaking permanently ended after further massive losses; thousands of jobs lost across both sites.

The integrated steelmaking model that both CSN and Tata's CEO privately questioned in 2005–06 was never restructured. The cost of that deferral has been borne by workers, communities, and taxpayers ever since.

In that note, Muthuraman wrote that the main concern of Corus was their long-term sustainability in the absence of a long-term strategic tie-up regarding raw materials. To this end, the Corus top management, Muthuraman informed his chairman, had been looking at Brazil, Australia and the CIS countries for a tie-up for raw material sources or slabs/billets. Muthuraman's sense was that Corus would be interested in a tie-up for slabs/billets especially since iron making or steel making was poised at being retired over time. This was the case with many European steel makers. Muthuraman saw in the situation an opportunity for Tata Steel to supply slabs/billets to Corus. This was not the first time that Tata Steel had been approached by Corus for a tie-up.

Source: Mukherjee, R. (2008) *A Century of Trust: The Story of Tata Steel*. Penguin. ISBN 0-67-008156-6. Epilogue: Page 2.

The above extract shows that Tata's leadership privately knew integrated steelmaking was obsolete even in 2005. They bid anyway, winning the auction at 608p per share. They spent £6.7bn on the Corus acquisition - yet Scunthorpe is now fighting for survival while much of the South Wales operation has been decimated. Workers and taxpayers paid the price.

Scunthorpe's problem is not one matter but two: BOF steelmaking that must be replaced, and in-house flat-rolled downstream capacity that was never built. TCP shows what happens when the second of these is left unresolved.

Today: The Current Position is Unsustainable

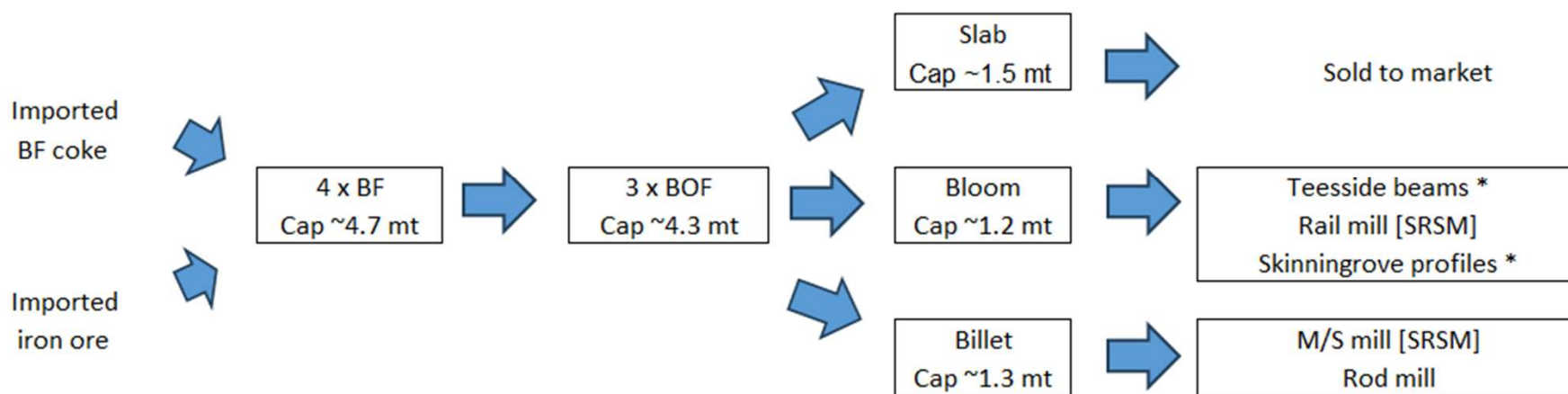
- X Daily losses of £1.3m / day with ongoing subsidy requirement
- X Unsustainable facility configuration
- X Green transition not achieved
- X Negative trade balance (raw materials and flat products)

Scunthorpe losses: see <https://www.bbc.co.uk/news/articles/c0mge7l3r32o>

* Denotes satellite rolling mill — off-site, near to but not within Scunthorpe

UK Avg Imports 2020 - 2024	
Plate	0.39 mt
HRC	0.71 mt
CRC	0.38 mt
Coated	1.25 mt
All flat	2.73 mt

Source: UN Comtrade



Tomorrow: A Viable & Sustainable Asset Base

The Answer: Scunthorpe as a thriving downstream hub - two independent business lines, lower capex, green transition achieved

Political & Social Benefits

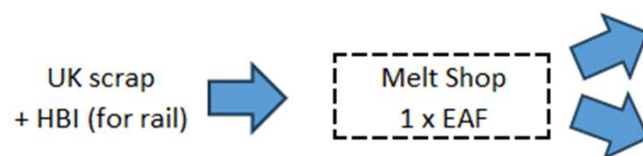
- ✓ Employment preserved or expanded
- ✓ Government subsidy removed
- ✓ Steel sovereignty maintained (rail supply)
- ✓ Green transition achieved

Commercial & Market Benefits

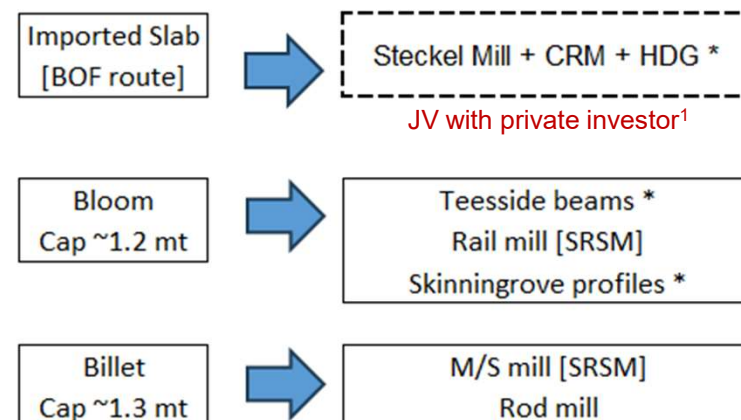
- ✓ Trade balance restored (for finished steel)
- ✓ Flat product quality differentiated from South Wales EAF route
- ✓ Long-term commercial viability assured
- ✓ CBAM exposure reduced (enables EU export market expansion)

Technical & Operational Benefits

- ✓ Domestic scrap consumed
 - ✓ Rail grade quality assured
 - ✓ Capital investment minimised (further reduced with 3rd party investor)
- Current capex spend £1.25bn, see <https://tinyurl.com/bdz4p8bz>



Steckel quality: covers construction, pipe/API, white goods & structural automotive — exposed body panels are the exception.


~~| UK Avg Imports
2020 - 2024 | |
|-------------------------------|---------|
| Plate | 0.39 mt |
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| All flat | 2.73 mt |~~

Source: UN Comtrade

Why EAF + semis rather than 100% EAF: Imported BOF-route slab gives superior residual chemistry for flat products - differentiating Scunthorpe HRC from South Wales EAF route. For long products, temporary semis bridge avoids £1.25bn EAF commitment before ownership is resolved; when EAF is built, HBI blending with selected scrap delivers rail-grade quality that 100% scrap EAF cannot guarantee. NB: EAF power may be unavailable until 2032: <https://www.energylivenews.com/2024/9/07/uk-green-steel-switch-to-electric-furnaces-delayed-until-2032/>

¹: A Steckel JV with a private investor would significantly reduce British Steel's capital outlay; Humber Freeport designation for Scunthorpe would further strengthen the investment case.

The Slab Issue: Why EAF Alone Is Not Enough



Replacing the blast furnace solves only half the problem

The Orphaned Slab Caster

Scunthorpe's BOS plant feeds a slab caster -- but the downstream rolling mills it was built to supply have closed one by one: Llanwern, Ravenscraig, Whitehead Newport. Only Dalzell and Clydebridge survive, and both are financially precarious.

Scunthorpe therefore makes a commodity semi-product and exports the rolling margin. It is, in effect, a raw material supplier to its own competitors.

Replacing the blast furnace with an EAF does not fix this. An EAF feeding an orphaned slab caster is still an orphaned slab caster. The structural flaw persists through the green transition unless explicitly addressed.

The Steckel Mill Solution

A Steckel mill reverses the logic entirely. Instead of making slab and having nowhere to roll it, Scunthorpe **buys slab** on the world market at commodity prices and **rolls it here**, capturing the value-added margin that currently goes abroad.

Global slab is abundant and accessible: Brazil (CSN, ArcelorMittal Tubarao), Turkey, CIS. Scunthorpe's Humber access makes it a natural rerolling hub with real logistical advantage.

Result: Green transition achieved. New flat-product rolling capacity created, reversing decades of Scunthorpe decline. Employment sustained — at lower capex and with better long-term economics than any integrated alternative.

*TCP made slab and exported the rolling margin to Thailand. It lasted four years under SSI.
The lesson: do not repeat the slab-without-rolling model under public ownership.*

Note on the Steckel mill complex: A Steckel mill is a lower-capacity alternative to a conventional hot strip mill (HSM): typical output 1.0-1.5 Mt/yr vs. 2.5-3.0 Mt/yr for an HSM, but with the additional capability to roll both HRC and plate. Supported by a downstream reversing cold rolling mill (CRM) and hot-dip galvanising (HDG) line, the complex captures further value-added and together can substantially displace current UK finished flat steel imports.

Feeding the Steckel with purchased slab rather than own-cast slab avoids continued reliance on Scunthorpe's 1970s-vintage caster; restricts the size (and cost) of the requisite EAF melt shop; and -- because BOF-route imported slab carries lower residual element levels than EAF scrap-route material -- differentiates the finished HRC metallurgically from Port Talbot EAF production, avoiding direct product competition.

What Needs to Happen — and Why

THE CASE IN SUMMARY

1 **BF-BOF is finished — the only question is what replaces it**

Twenty years of market signals and two failed slab-only precedents all point the same way. Continued investment in upstream-only steelmaking, without a downstream plan, is capital destruction.

2 **Downstream is not a nice-to-have — it is the only viable model**

Scunthorpe's structural flaw is a slab caster with no rolling destination. A Steckel mill + CRM + HDG complex resolves this, creates new UK flat-product rolling capacity, reversing decades of decline, and achieves green transition at lower capex than any integrated alternative¹.

3 **Spending £1.3m/day without an end-point is not stewardship — it is drift**

£377m since April 2025, with NAO projecting over £1.5bn by 2028. Every week without a downstream plan is a week closer to Taranto. The cost of inaction compounds; the cost of a downstream plan does not.

"The downstream plan is the rescue plan"

¹: Employment: BF/BOF and slab caster closure displaces a significant number of roles. Offsetting gains arise from the Steckel + CRM + HDG complex and associated service centre, EAF melt shop operations, scrap handling and logistics, and increased long products output driven by improved EAF CO₂ competitiveness under CBAM. Net impact: broadly neutral — subject to the independent modelling proposed in Ask 1.

FIVE ACTIONS FOR PARLIAMENT

1 **Commission an independent downstream feasibility study**

Scope: Steckel + CRM + HDG complex, EAF melt shop (grid-conditional), imported temporary semis bridge, transition energy balance, employment modelling. Independent and conflict-free.

2 **Put a downstream end-point on the parliamentary record**

Workers and the community deserve to know where this is heading. Parliament commissioned the nationalisation — it should now commission the downstream plan.

3 **Engage Community Union directly on the employment case**

The net employment case for expanded downstream is strong. Community Union should hear it directly — from MCI if helpful — before positions harden.

4 **Require HM Treasury to cost the downstream option vs. the status quo**

The NAO has flagged open-ended liability. A formal cost comparison of downstream transition vs. continued upstream support should be undertaken².

5 **Extend Humber Freeport designation to the Scunthorpe steelworks site**

Makes the investment case more compelling for a private co-investor.

² MCI analysis of seven historic Steckel mill investments gives a median inflation-adjusted capital cost of ~\$482m (£357m) for a 1mt facility in 2026 money. By summer 2026, cumulative government support since April 2025 will have exceeded this figure — for a facility with no downstream plan and no fiscal endpoint.

Appendix 1: Remarkable Story - Slab Without a Home

Teesside Cast Products and SSI Redcar: a cautionary tale of primary steelmaking without downstream - of direct relevance to Scunthorpe today

1 **TCP was a slab caster with no domestic downstream¹ — rolling value was exported to Thailand**

Teesside Cast Products evolved into a pure slab exporter — blast furnace and caster, but no rolling mills. When SSI of Thailand acquired TCP in 2011 for ~\$469m, the industrial logic was explicit: TCP would supply slab to SSI's rolling mills in Thailand. The value-added rolling margin was captured 9,000 miles away. Teesside kept the commodity end of the process; Thailand kept the profit. This is the logical endpoint of a blast furnace without downstream — you become a raw material supplier to your own competitors.

2 **A UK slab business without rolling cannot survive on its own — SSI proved it in four years**

SSI lost £274m in 2012 alone. By 2015 — just four years after acquisition — the business was liquidated. Over 2,000 jobs were lost. The furnace that had taken two and a half years to build and produced 10,000 tonnes of iron a day was demolished in 2022. A pure slab operation, competing on global commodity prices with no downstream margin to fall back on, was structurally unviable the moment market conditions turned. It was competing against purpose-built coastal slab exporters in Brazil — ArcelorMittal Tubarão and CSN at Itaguí — with direct port access, Brazilian iron ore, and structural cost advantages no UK government subsidy can neutralise.

3 **Scunthorpe today has the same structural flaw — a slab caster with no flat-rolled downstream**

Scunthorpe's BOS plant feeds a slab caster², yet it has almost no flat-rolled downstream at all. Unlike TCP, which at least supplied rolling mills abroad, Scunthorpe's slab has no guaranteed rolling destination. The lesson of TCP is direct: do not repeat the slab-without-rolling model under public ownership. Import semis, build the rolling mills, and make Scunthorpe the downstream hub it was never allowed to become³.

TCP is the ghost of Scunthorpe's future — unless downstream is made the anchor of any transition plan

¹: The original Teesside configuration did have downstream assets - the Lackenby beam mill, plate mill, and associated finishing capacity. These facilities were closed in the 1970s/80s rationalisation overseen by MacGregor. That rationalisation was a response to the chronic losses being made by the then British Steel corporation: 15 midsize steel plants were closed between 1977 and 1981.

²: Scunthorpe's slab caster was originally built in the early 1970s to supply the Dalzell and Clydebridge plate mills (both now under Sanjeev Gupta ownership), slab rerolling at the Whitehead Works in Newport, and the hot strip mills at Llanwern and Ravenscraig. Whitehead, Llanwern and Ravenscraig have all since closed — Ravenscraig in 1992, Llanwern's steelmaking in 2001. Of the original downstream destinations, only Dalzell and Clydebridge survive — both financially precarious, and both still dependent on Scunthorpe slab.

³: For reference, "Tuscaloosa Steel in the USA, a venture involving BSC, operated a Steckel mill fed by Scunthorpe slab from the mid-1980s.

Appendix 2: Further Reading and Contact Details

[Governments as Steel Company Owners: Does Nationalisation Work?](#)

5th May 2026

<https://www.steelonthenet.com/insights/steel-nationalisation-government-ownership.html>

[Scunthorpe Unresolved: What the UK Steel Strategy Leaves Unsaid](#)

25th March 2026

<https://www.steelonthenet.com/insights/scunthorpe-unresolved.html>

[Turnaround Plan for British Steel Scunthorpe](#)

2nd July 2025

<https://www.steelonthenet.com/insights/british-steel-scunthorpe-green-transition.html>

[Investigation into the government's intervention in British Steel's Scunthorpe site](#)

16 March 2026, National Audit Office, HC1736

<https://www.nao.org.uk/wp-content/uploads/2026/03/investigation-into-the-governments-intervention-in-british-steels-Scunthorpe-site.pdf>

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