

Treasury 'considering plans to inject £300m into struggling British Steel'

The [Government](#) is considering a plan to funnel nearly a third of a billion pounds towards [British Steel](#) to save the struggling metal maker from collapse.

A [Treasury](#) source told the PA news agency that Chancellor [Jeremy Hunt](#) is thinking about handing the company £300 million in instalments over the next few years, if it meets certain conditions.

The investment, first reported by [Sky News](#), could help protect jobs at the company, which employs about 4,000 people directly.

It could also save the Government an even bigger bill should British Steel collapse, the broadcaster said.

British Steel could not be reached for comment. The Treasury referred queries to the Department for Business, Energy and Industrial Strategy, which did not provide a response.

Read More

- [Treasury close to £300m rescue deal for British Steel – reports](#)
- [Tougher windfall tax would protect families from rising bills in April – Labour](#)
- [Retail stocks help FTSE climb despite downbeat sector data](#)
- SPONSORED

[Deon wants to be one of the first black Britons to climb](#)

Everest

A Government source told PA that the “Business Secretary considers the success of the steel sector a priority and continues to work closely with industry to achieve this”.

The source said that the Government recognises the “vital role that steel plays within the UK economy, supporting local jobs and economic growth”, adding that it is “committed to securing a sustainable and competitive future for the UK steel sector”.

Sky said that the funding will be linked directly to attempts to get British Steel to decarbonise, by helping it to replace the company’s blast furnaces in Scunthorpe, North Lincolnshire, with electric alternatives.

These so-called electric arc furnaces are better for the environment as they can run on renewable power. They are best used on recycled steel.

The Government is set to tell British Steel about the potential deal in the coming days.

There will be strings attached, such as protecting jobs, and a promise from China’s Jingye Group, which owns British Steel, to invest at least £1 billion in the company by the start of the next decade.

Once a giant of UK manufacturing, British Steel has fallen on hard times in recent years.

Just three years ago, the company was bought out of insolvency by Jingye, becoming its third owner in four years.

But the Chinese owner has recently said it will need taxpayer funding to keep the doors open.

Friends of the Earth campaigner Tony Bosworth said: “It seems the Government’s right hand doesn’t know what its left hand is

doing.

“A few short weeks ago, the Government approved a new coal mine in Cumbria, saying the coal was needed to help make steel – now it’s considering plans to help the UK steel industry move away from coal.

“The UK needs a steel industry but, to be competitive, it must shift away from coal.”