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UK Steel Charter – UK Steel launches new public procurement initiative with UK Government Support

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UK Steel today proudly launches a vital new procurement initiative in Parliament where the Minister for Business and Industry, Andrew Stephenson MP, will publically sign the UK Steel Charter on behalf of the Department for Business, Energy and Industrial Strategy. This latest signature follows the Welsh Government's commitment last Thursday at Tata Steel's Shotton works, and will be followed by the Scottish Government at an event at Liberty Steel's Dalzell plant next week. In the months ahead the industry will encourage key government departments such as DfT and MOD, local authorities and major infrastructure projects such as HS2 and Heathrow, to all sign up and commit to improved procurement practises.

Background:

The UK Steel Charter is a new initiative aimed at maximising the amount of UK produced steel used in UK construction and infrastructure projects. With just over half of the steel purchased for UK construction projects currently coming from abroad (6 million tonnes annually), the potential to purchase more steel from UK producers is significant and would boost steel production, support steel jobs and communities, strengthen manufacturing supply chains, and increase UK GDP.

The Charter builds upon existing government policy on steel procurement but goes one step further by asking signatories to commit to a range of simple procurement steps. These simple steps could transform the way we purchase steel and other materials, ensuring longer term strategic aims are taken into account such as social and environmental considerations, and the UK's long-term economic growth. These steps will inject real transparency into procurement practises, maximising the ability of UK steel producers to compete for and win supply contracts.

The public sector, and ultimately the taxpayer, is the single biggest purchaser of steel in the UK. UK Central Government alone is projected to purchase £2.5 billion worth of steel in the next five years, for rail, roads, schools, hospitals, ships and much more besides. Huge volumes will also be required for massive private sector projects like Heathrow, Hinkley C and the expansion of our offshore windfarms. Data published this year by BEIS showed that 43% of steel purchased by Government last year was from UK producers, 42% was imported with the remainder being of unknown origin. This provides Government and the steel sector with an excellent starting point to build upon and the potential for big improvements.

As well as BEIS, Welsh Government and Scottish Government, a number of other organisations have already committed to signing the Charter, such as local authorities, construction frameworks, and a range of private sector organisations including RenewableUK and UK Onshore Oil & Gas. Some of these will be at the event in Parliament today to sign alongside the Minister. MPs from across the country will also be asked to add their signatures and show support at the event.

The UK Steel Sector in Numbers:

- Produces 8 million tonnes of steel a year
- Employs 31,900 people directly in the UK and supports a further 52,300 in supplies chains and local communities
- The average steel sector salary is £36,000, 28% higher than the UK national average and 46% higher than the regional average in Wales, and Yorkshire & Humberside where its jobs are concentrated
- Makes a £1.6 billion direct contribution to UK GDP and supports a further £3.9 billion
- Makes a £3.2 billion direct contribution to the UK's balance of trade
- 96% of all steel used in the UK is recovered and recycled to be used again and again

Comments:

UK Steel Director General Gareth Stace said:

"I am incredibly proud that my organisation is launching the UK Steel Charter. We have worked hand in hand with the UK, Welsh and Scottish Governments in recent years to change the way steel is procured in this country, much progress has been made but we know more can still be done. I am therefore incredibly pleased to see the Department for Business today signing up to this charter, making a strong showing of support for our industry.

"This initiative, and BEIS's support for it, will encourage as many organisations as possible to take a more proactive and thoughtful approach to their procurement of steel in the future, and importantly publicise the exemplar approach that many organisations are already taking."

"UK public procurement accounts for a massive 14% of UK GDP each year, its decisions are therefore a hugely important policy tool and perhaps the most significant intervention the Government makes in the economy. Government procurement decisions are important in themselves but also as a driver and catalyst for positive change elsewhere in the economy. It is therefore essential that a more strategic and long term approach to procurement is developed, sitting at the heart of the Industrial Strategy.

Roy Rickhuss, Chair of the National Trade Union Steel Co-ordinating Committee, and General Secretary of Community said:

"This is an important initiative and a welcome step forward to support our steel industry. Steel unions have long-campaigned for government at all levels to maximise the procurement opportunities for UK steel producers. I hope that the charter will be widely used and adopted and the positive examples of good procurement practice are followed. Procurement remains a vitally important part of any joined-up industrial strategy, and, along with tackling issues such as industrial energy costs, must be part of any sector deal. What is needed now is the political will to make procurement work for our industry – the Steel Charter sets out how this can be achieved."

Deirdre Fox, Director Strategic Business Development, Tata Steel, and Chair of UK Steel Procurement Committee said:

"Tata Steel is proud to be part of the UK Steel charter initiative. As a company, over a quarter of what we produce in the UK feeds into the UK construction sector as well as being exported to the EU and globally. Our highly differentiated UK produced construction products enable iconic buildings and infrastructure projects to

be designed and delivered in a safe and environmentally sustainable way. Local steel, high quality and high value steel is key to a strong and vibrant construction sector in the UK. With our construction customers and supply chains we are looking to innovate and share ideas which can change the way we shape our built environment. Tata Steel is at the forefront of some really exciting innovations and we are looking to work with partners in government and the sector to deliver those for UK plc.”

Gerald Reichmann, British Steel CEO, said:

“This initiative can help increase the amount of high quality steel manufactured in Britain going into thousands of domestic construction projects, something which will have a positive impact on the supply chain and wider UK economy. We encourage as many signatories as possible to sign the charter while informing all parties within the UK supply chain of this new approach which builds on the existing government procurement policy notice.”

Chris Hagg, Head of External Affairs, Celsa Steel UK Ltd said:

“The UK Steel Charter promotes openness, transparency and informed decision-making throughout the supply chain. It is vital that in future proper consideration is given to all the pillars of true sustainability, namely economic, environmental and social benefits to the UK economy. Guidelines have been published and actions must follow to ensure those guidelines are fully implemented.”

Iain Sinclair, Chief Business Development Officer, Liberty Steel UK said:

“This is an excellent initiative. As a foundation industry, steel is very important for the health of the UK manufacturing sector and economy as a whole. If British businesses get behind our domestic steel sector it will pay dividends all round and help create a sustainable future.”

Charter signatory, RenewableUK’s Deputy Chief Executive Emma Pinchbeck said:

“The onshore and offshore wind industry in the UK is already a customer of British steel: 67% of the value of onshore wind farms on average goes to UK companies, as does the majority of the investment in offshore - with an aim for this to increase to 60% by 2030. The growth of renewables is a huge opportunity for UK companies, and wind and steel are natural partners. We are pleased to support the UK Steel Charter”.

Charter signatory, Ken Cronin, CEO of UK Onshore Oil and Gas said:

“We are delighted to be supporting the UK Steel Charter. A review of our supply chain requirements in 2014 highlighted the need for potentially significant quantities of steel well casing, some of which could be sourced in the UK. Congratulations to UK Steel for this landmark charter and we look forward to working with them.”

ENDS.

Notes:

The UK Charter and accompanying guidance can be found here:

<https://www.makeuk.org/Insights/Publications/2019/04/18/UK-Steel-Charter>

Existing UK Government guidance on the public procurement of steel can be found here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/576874/13DecFinal_publication_version_PPN_Steel_Procurement_2_4_.pdf

About UK Steel: UK Steel, a division of Make UK, is the trade association for the UK steel industry. It represents all the country's steelmakers and a large number of downstream steel processors.