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UK Steel Jobs at Risk in Gupta Rescue Bid

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Steel tycoon Sanjeev Gupta is preparing a last-minute deal aimed at preventing the collapse of Liberty Steel's UK operations, a move that could determine the future of nearly 1,500 workers.

Mr Gupta is in discussions over a connected pre-pack administration of Liberty Steel's Speciality Steel UK (SSUK) business. The arrangement would involve the sale of assets, potentially to entities linked to him, while shedding substantial tax and creditor liabilities. Accountancy firm Begbies Traynor is reported to be working on the plan.

The talks come as SSUK faces a winding-up petition due to be heard next week. If granted, the company could be placed into compulsory liquidation within days, with a special manager appointed by the Official Receiver to oversee operations.

SSUK runs steel plants in Sheffield and Rotherham, employing over 1,400 staff, and operates an additional facility in Bolton. It is the third-largest steel producer in Britain and supplies critical sectors including aerospace, automotive, and energy.

Government Monitoring Developments

Whitehall officials have stepped up contingency planning in case Liberty Steel fails. A government spokesperson confirmed that ministers were monitoring developments closely but stressed that legal hearings remain a matter for the company.

Jonathan Reynolds, the business secretary, has been following the situation but has not committed to offering direct support. In April, Mr Reynolds intervened in the case of British Steel in Scunthorpe, seizing control after its Chinese owners prepared to close blast furnaces. No such move has yet been confirmed for Liberty Steel.

Creditor Pressure

The winding-up petition was filed by Harsco Metals Group, a supplier to SSUK, and is supported by other trade creditors. HM Revenue and Customs and investment bank UBS are also among the company's major creditors.

The legal battle follows years of financial strain across Gupta's wider GFG Alliance group, which was hit hard by the collapse of its backer, Greensill Capital. In 2022, the Serious Fraud Office opened an investigation into GFG's financing arrangements.

Liberty Steel's Position

A Liberty Steel spokesperson said the company remains committed to preserving electric arc furnace steelmaking in the UK, calling it "a critical national capability supporting strategic supply chains." The firm has invested nearly £200m in its UK operations over the past five years, but continues to face challenges from high energy costs and cheap steel imports.

Industry analysts note that a connected pre-pack administration may face strong opposition from creditors who risk losing significant sums if liabilities are written off.

Uncertain Outlook

While Mr Gupta seeks more time to reach a deal, the prospect of liquidation still looms large. For workers in South Yorkshire and Lancashire, the outcome of next week's hearing could prove decisive for the future of their jobs and one of the UK's most important steelmaking businesses.