# UK: Tata Steel completes sale of Long Division plant to Greybull

**By Danny Richardson**
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The sale of Tata Steel's European Long Products Division was completed last week with the new company rebranded and launched as British Steel Ltd, the name of the former nationalised company privatised in 1988.

The price paid by asset striper Greybull Capital was a nominal £1.

The sale of assets in England includes the Scunthorpe works employing more than 4,000, two mills in Teesside, an engineering workshop in Workington, a design consultancy in York, and various distribution centres. A rail mill in northeastern France is also being sold.

The Long Division employs 4,800 people—4,400 in the UK and 400 in France. Its sale lays the basis for a further offensive against jobs, wages and pensions.

At a press conference, Bimlendra Jha, the previous chief executive of Tata Steel UK, said, he hoped "the business will continue the momentum of the improvement programme that has been initiated in the last 12 months... Employees and trade unions have worked closely with the Long Products Europe management team to improve the business's prospects, putting it in a more competitive position than it has been for many years."

These comments were in reference to job losses, wage cuts and the speeding up of productivity contained in a plan put forward by the trade unions. In April this year, as part of the deal to prime the Scunthorpe operation for the Greybull takeover, the unions recommended a three percent pay cut along with changes to terms and conditions relating to enhanced payments outside the standard 40-hour week.

Greybull made clear they would not support the existing pension set-up as part of any takeover. Using the threat of the loss of their livelihoods if workers did not accept, the unions got a deal through, by a 2-1 margin, under the terms of which the pension contributions paid by the employers were cut three percent. The scheme will be run by the private insurance firm Legal and General and no longer by the British Steel Pension Fund. On top of these attacks, a previous "final salary scheme" under which Scunthorpe steelworkers could retire on full benefits at the age of 55, depending on their length of service, is ended. Employees will now have to work until they are 65 to benefit.

The Community trade union's general secretary, Roy Rickhuss, said the sale opens a "new chapter in the course of the UK steel industry... The turnaround plan agreed between management and unions is already yielding positive results."

In reality jobs will be axed and wages, pensions and working conditions undermined further with the full compliance of the unions, who will police the shop floor on behalf of Greybull. The three percent wage cut, claimed as a temporary measure, is just the beginning.

Greybull Capital was founded in 2010 by brothers Nathaniel and Marc Meyohas. Its business record is a warning to steel workers. It formed part of the backing for electrical retailers Comet, only for the chain to collapse months later with the loss of 7,000 jobs. Greybull's financing of the deal ensured that it recouped the majority of its money after the collapse.

In 2014, it bought Monarch Airlines from the Mantegazza family. A *World Socialist Web Site* article dated April 13 warned Tata workers, "With asset strippers such as Greybull and Liberty House (who have taken over two of Tata's Scottish plants), it will not be long before the unions come asking again for yet further sacrifices...

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“Steel workers should be aware of Greybull’s record at Monarch Airlines. After taking over the airline in 2014, it began a slash and burn operation. Seven hundred redundancies were rammed through and crew and pilots forced into 30 percent pay cuts, with pilot pensions also slashed. Following the cuts, the airline returned to profit, making £40 million in 2015. Greybull’s owners are reportedly considering a sale of the airline, which would secure a large profit.”

Following Greybull’s Tata purchase, the *Financial Times* ran a story outlining a tentative deal made to Tata Steel by the Conservative government to keep open its Port Talbot plant in Wales. Reportedly close to being finalised, the *FT* stated, “After failing to receive assurances that any prospective buyer would keep the plant [employing 3,000] open for more than three years, the company turned to the UK government to ask for further financial incentives to stay.”

A deal would be based on the government organising a state loan of hundreds of millions of pounds on “commercial terms” to Tata. The loan could partly replace an existing £900 million loan from Tata’s Indian parent company to Tata Steel UK.

The handover of cheap money to Tata would be the latest move in bailing out privatised corporations at vast expense to the public purse and on the backs of workers. Central to this is an ongoing government consultation into potential legal changes to the deficit-hit British Steel pension fund that would reduce its massive liabilities by several billion pounds, making the sale of Tata’s remaining assets more amenable to an asset stripper.

By law employers have to provide a pension scheme for all employees, but new owners are not legally bound to take over the existing pension scheme. According to some reports, the British Steel Pension Scheme is in such a perilous state it can no longer fund new retirees.

As of December 2015, the scheme had assets of £13.3 billion, but liabilities of around £14 billion. Recent analysis shows it with one of the largest deficits of any UK pension scheme. It supports 130,000 workers, including 14,000 still employed by Tata, 32,000 deferred—those who worked for Tata/British Steel in the past but are not yet at retirement age—and 84,000 who already draw a British Steel pension.

The government launched its consultation regarding the British Steel pension scheme last month. From information emerging, it is clear that its purpose will be to introduce new measures designed to rob workers of large amounts of their pension.

The BBC reported that one proposal being discussed is for any pension increases to be paid out by the pension scheme by linking them to the generally lower Consumer Prices Index and not as is the case at present in line with the Retail Prices Index inflation measure. This is being presented as the lesser of two evils, and a better alternative than letting the scheme collapse or be taken over by the state run Pension Protection Fund (PPF). Under the PPF, those still working or who retired early receive 90 percent of the payments expected.

Another change could see some pensioners and their widows having their pensions completely frozen, or as good as frozen for the rest of their lives, with potential losses running into thousands of pounds. Widows make up a third of those receiving the British Steel pension.

The government could exploit a legal requirement to index all of a pension payment only in respect to years of service since 1997. Before that date only a very restricted legal requirement to up-rate the pension exists. The BBC reports, “Paragraph 85 of the consultation document warns that ‘If adopted, this [rule change] would mean that in the future existing pensioners would receive lower increases to their pensions... or possibly no increases at all.’”

Steve Webb, a former Liberal Democrat pensions minister, “calculated that an 80-year-old pensioner on £100 per week who did all of their service before 1997 could see their pension held at £100 for the rest of their retirement, rather than see it rise every year in line with inflation as it does at present.”

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