Cabinet Secretary for Economy, Tourism and Transport
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Duncan Massey MSP
Convener
Economy, Tourism and Energy Committee
The Scottish Parliament
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11 November 2026

Dear Convener

Satisfaction of the Scottish Enterprise loan to Liberty Steel Dalzell

There has been some recent reporting about the satisfaction of the Scottish Enterprise loan to Liberty Steel Dalzell Limited (LSDL) and discussion in Parliament on this topic, so I thought it was appropriate to provide further details to the Committee. A copy of this letter will be shared with the Public Audit Committee.

In 2015, following difficulties due to high UK energy prices and low margins, TATA Steel UK Limited mothballed its steelworks at Dalzell and Clydebridge and sought alternative operators for the business. Faced with the potential permanent closure of Scotland's remaining steelworks and loss of hundreds of highly skilled jobs, the Scottish Government acted to support the transfer of Tata Steel's Scottish sites to Liberty Steel. That intervention enabled operations to restart and secured the continuation of steel production and skilled manufacturing employment.

Following the purchase Liberty Steel Dalzell approached Scottish Enterprise for working capital funding to support the restart of operations. A £7 million loan was provided in March 2017 which included security over the assets of LSDL and a standard security over the land at Clydebridge. The purpose of the loan was to support the re-establishment of steelmaking activity at Dalzell and to sustain an industrial capability that had been saved through collective action only a year earlier.

In later years, Dalzell's steel production rebounded but the business struggled to grow in line with forecasts. While total interest paid by LSDL over the life of the loan has been £4.4 million, concerns remained about Liberty Steel's ability to repay the capital and accumulated interest. Ultimately, the loan entered default and Scottish Enterprise agreed to provide forbearance while Liberty considered various recovery strategies including through the sale of assets. The status quo, however, was not expected to result in repayment while enforcement action against the borrower posed unacceptable economic risks.

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Scottish Enterprise therefore agreed a restructuring arrangement under which its outstanding debt exposure was replaced by a secured loan to EP Claris Propco LLP, a special purpose vehicle established by Enra Partners to facilitate redevelopment of the Clydebridge site. The arrangement represented a restructuring of an existing non-performing debt rather than a new investment by Scottish Enterprise.

Scottish Enterprise considered that replacing a defaulted loan with a secured position linked to a valuable redevelopment opportunity offered a better prospect of recovering value for taxpayers than any alternative available. The agreement also enables substantial private sector investment to be brought forward to remediate and regenerate a significant former industrial site.

Under the proposals, Enra Partners intends to invest private capital in site remediation, secure the necessary planning consents and advance redevelopment plans. The assessment of the Scottish Enterprise Board is that this approach provides the most credible pathway to maximising potential value from a debt that had otherwise shown little prospect of repayment.

The Scottish Government's original intervention at Dalzell and Clydebridge helped secure Scotland's steelmaking capacity. The subsequent actions taken by Scottish Enterprise have been guided by the same principle of securing the best achievable outcome in challenging circumstances, while seeking to maximise value for the public purse.

I hope this information is helpful.

Yours sincerely,

STEPHEN FLYNN

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