



Licensing Committee

26 March 2014

Report Title	Scrap Metal Dealers Act 2013	
Classification	Public	
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Recommendations for noting:

The Licensing Committee is asked to note:

- the key provisions of the Scrap Metal Dealers Act 2013 and outcome of the local implementation arrangements.

1.0 Purpose

- 1.1 This information update report is intended to inform the Licensing Committee of the key provisions of the Scrap Metal Dealers Act 2013 and the outcome of the local implementation arrangements.

2.0 Background

- 2.1 Between 2001 and 2012 the international price of ferrous scrap metal increased from \$77 per ton to over \$500 per ton, this increase is due to ever increasing demand for resources from developing economies. The consequences of this at a national level have been a significant increase in the theft and illegal trade of stolen metal.
- 2.2 The Association of Chief Police Officers (ACPO) have identified metal theft as the UK's fastest growing crime type and it is estimated to cost the economy £770m per year. The growth of metal theft across the country has included thieves regularly targeting infrastructure such as power lines, railway signals and manhole covers. Metal theft has also become an emotive and political issue with thefts reported from churches, schools and war memorials.
- 2.3 At a local level the Council itself has experienced spates of metal thefts including bin liners, manhole covers and gullies all being targeted. In 2009 the copper roof of Bushbury Crematorium was stolen causing extensive damage and costing thousands of pounds to replace.
- 2.4 In response to this national trend Richard Otterway MP tabled a Private Members Bill which was sponsored by the Home Office. The Bill proposed an overhaul of the regulatory framework governing the trade of scrap metal.
- 2.5 The Bill received Royal Assent on 28 February last year and became the Scrap Metal Dealers Act 2013.
- 2.6 On 25 September 2014 Licensing Committee agreed fees and charges, delegations and the compliance and enforcement arrangements for the new Act. At that meeting a further update was requested in six months.

3.0 Previous Regime

- 3.1 The Scrap Metal Dealers Act 1964 obliged every licensing authority to maintain a register of all persons carrying on a business in their area operating as a Scrap Metal Dealer. A Scrap Metal Dealer was defined as someone whose business is to buy and sell scrap metal.
- 3.2 At the time the Scrap Metal Dealers Act 1964 provisions were repealed Licensing Services had 230 Scrap Metal Dealers registered. There was no registration fee under this regime.
- 3.3 The Vehicle (Crimes) Act 2001 and the Motor Salvage Operators Regulations 2002 provided the framework for the registration of Motor Salvage Operators. People or

businesses are required to be registered as Motor Salvage Operators if they operate a business which involves the disposal of written off vehicles and the sale/re-use of salvageable parts from motor vehicles. The purpose of this registration scheme was to curtail the illegal trade in stolen vehicles.

3.4 At the time these provisions were repealed Licensing Services had 54 Motor Salvage Operators registered. The registration lasted for three years and a fee of £100 was required.

3.5 All enforcement activities under the previous Scrap Metal Dealer and Motor Salvage Operator regimes were carried out by the police.

4.0 Scrap Metal Dealers Act 2013

4.1 The Scrap Metal Dealers Act 2013 brought together the previous registration schemes for Scrap Metal Dealers and Motor Salvage Operators and replaced them with a single licensing regime.

4.2 The main provisions of the Act are as follows:-

- No person may carry on a business as a Scrap Metal Dealer unless licensed under the Act.
- There are two types of licence
 - (i) A Site Licence (authorises any site in a local authority area).
 - (ii) A Collectors Licence (authorises the licensee to carry on a business as a mobile collector in a local authority area).
- The licensing authority will be able to set fees locally for licences. However when determining fees regard will have to be had to the Home Office guidance.
- Applicants will have to satisfy the licensing authority they are a 'suitable person' to carry on a business as a Scrap Metal Dealer. The guidance will provide greater clarity as to the factors which will need to be considered in making this decision.
- A register of licences will be maintained by the Environment Agency.
- The Act makes it an offence for any Scrap Metal Dealer including collectors to buy scrap metal for cash.
- Requirement for detailed records to be kept for receipt and disposal of metal.
- Provides the police and licensing authorities with new powers to enter and inspect sites.
- Closure of unlicensed sites by the police and licensing authorities.
- Licences will be issued for three years.
- Licences can be refused, varied and revoked by the licensing authority with an appeal to the Magistrates Court.

- 4.3 Since the commencement of the new Act on 1 October 2013 Licensing Services has received 120 applications for Scrap Metal Dealers licences, these are split as follows:
- 78 collector licences
 - 42 site licences
- 4.4 Of these applications four have been refused by the Section Leader, Licensing Services, following objections from the police. In all four cases the applicants have requested a hearing with the Licensing Manager; these hearings are scheduled for 19 March 2014.
- 4.5 The applications received have generated £31,630 in income. As the licences are issued for three years the majority of this income will be transferred to the Licensing Reserve at the end of the financial year and used to support compliance activities delivered in years two and three.

5.0 Next Steps

- 5.1 The licensing authority has adopted a light touch to the implementation of the new legislation and has sought to support all businesses in meeting the new requirements. Despite this however there are still a number of previously registered dealers that have not applied for a licence under the new scheme. All registered dealers have been written to several times and advised of the new scheme and the consequences of continuing to trade without a licence.
- 5.2 There have been several multi-agency visits to sites and the licensing authority is satisfied that all commercially active scrap metal yards have applied for a licence under the new legislation.
- 5.3 Of those previously registered dealers that have not applied for a licence the majority are small scale collectors, often family businesses with several individuals all registered, but only one or two people actually active as collectors. In many cases these individuals have chosen only to licence those that are active in collecting scrap.
- 5.4 A series of further multi-agency visits has now commenced, however the focus of these visits has now moved from advising on the new requirements to ensuring compliance.

6.0 Financial Implications

- 6.1 Licensing Committee on 26 February 2014 and Cabinet (Resources) Panel on 11 March 2014 approved the fee levels set for Scrap Metal Dealers licences. The income generated from these licenses are based on cost recovery over a three year period. As the licences are issued for three years the majority of this income will be transferred to the Licensing Reserve at the end of the financial year and used to support compliance activities delivered in years two and three. [ES/18032014/I]

7.0 Equalities Implications

- 7.1 There are no direct equalities implications from this update report.

8.0 Legal Implications

8.1 There are no direct legal implications from this update report [SH/14032014/O].

9.0 Environmental Implications

9.1 There are no direct environmental implications from this update report.

10.0 Schedule of Background Papers

Scrap Metal Dealers Act 2013, Licensing Committee, 25 September 2013