

**Report to** Licensing committee  
12 December 2013  
**Report of** Head of citywide services  
**Subject** Scrap Metal Dealers Act 2013

**Item**  
**6**

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## **Purpose**

To inform members of changes to licensing arrangements in respect of scrap metal dealers following the introduction of the Scrap Metal Dealers Act 2013 and to consider the adoption of delegated authorities and licence fees.

## **Recommendation**

- (1) That the following delegated authorities are adopted in respect of applications received under the Scrap Metal Dealers Act 2013 (The Act):
  - (a) Head of citywide services to consider applications and, where he is satisfied that the applicant is suitable, grant the licence;
  - (b) Licensing sub-committee to determine applications when an applicant is not considered suitable by the head of citywide services and the applicant has been informed and made a representation.
  - (c) Licensing sub-committee to determine whether to revoke a licence; and
  - (d) Head of citywide services all other decisions under The Act, including the decision to refuse an application where the applicant has not made representation and to add conditions to a licence.
- (2) To adopt the fees detailed in paragraph 19 of the report.

## **Corporate and service priorities**

The report helps to meet the corporate priority of a safe and clean city and the service plan priority of protecting the interests of the public through the administration of the licensing function.

## **Financial implications**

Proposed licence fees have been set to cover the cost of this licensing function.

Ward/s: All wards

Cabinet member: Councillor Stonard – Environment, development and transport

**Contact officers**

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**Background documents**

None

## **Report**

### **Introduction to Scrap Metal Dealers Act 2013**

1. The Scrap Metal Dealers Act 2013 came into force on 1 October 2013. The aim of The Act is to clampdown on rogue scrap metal dealers and to reduce metal theft.
2. The new law requires any business involved in buying or selling scrap metal having to obtain a scrap metal dealer's licence from their local authority. There is a charge for this licence and it will be valid for 3 years. The licence replaces existing scrap metal registrations and motor salvage operator licences.
3. There are strict new rules for scrap metal dealers. These include a ban on paying for scrap metal in cash and a requirement for dealers to verify the identity of the seller. It will be an offence for dealers to make 'no questions asked' cash payments.

### **Details of the New Act**

4. There are two types of licence under the Act.
  - Site licence
  - Collectors licence.
5. Site licences are required for any site involved wholly or partly in buying or selling scrap metal. A site licence can cover more than one site in the authority's area. This licence also covers the licensee to transport scrap metal to and from those sites from any local authority area.
6. The collectors licence allows a mobile collector, who does not have a site, to collect scrap metal in the local authority area, for example a door to door scrap metal collector. A separate licence must be obtained from each local authority to enable them to operate in that area.
7. A dealer can only hold one type of licence in any one local authority area.
8. An information sheet explaining the definitions and new rules under the Act is attached at appendix A of the report.

### **Making Decisions under the Act**

9. The Act states that a local authority must not issue a licence unless it is satisfied that the applicant is a suitable person to carry on a business as a scrap metal dealer.
10. In assessing an applicant's suitability the Local Authority can consider any information it considers relevant. However, the factors specifically listed in the legislation include whether:
  - The applicant or site manager has been convicted of a relevant offence, or subject to any relevant enforcement action.
  - The applicant has previously been refused a scrap metal dealers licence or an application to renew a licence has been refused.
  - The applicant has previously been refused a relevant environmental permit or registration.
  - A previous scrap metal dealers' licence has been revoked.

11. The Act also states that the local authority can consider whether the applicant has demonstrated adequate procedures will be in place to ensure the provisions of the Act are complied with.
12. The Home Office and the LGA (Local Government Association) have issued guidance for local authorities on how to deal with applications under the Act.
13. The guidance recommends that local authorities require the relevant individuals such as the applicant, directors and the site manager to submit a basic criminal disclosure as part of the application process. It also recommends that where appropriate the local authority consults with other Councils, the Environment Agency and the Police with regard to the suitability of the applicant, directors and site manager.
14. The Act says that where a local authority proposes to refuse an application or revoke a licence the applicant must be notified of what the authority proposes to do and the reasons for it. The applicant must then be given the opportunity to make representation and has the right to an oral hearing. The guidance states that where there is information that suggests the applicant may not be suitable and the applicant has contested this by submitting representation, then it should be referred to Licensing Committee. The applicant has right of appeal to the Magistrates Court on any decision to refuse the application or revoke a licence.
15. The Act also says that where a licence holder is convicted of relevant offences the authority may add prescribed conditions to the licence. These conditions relate to a restriction in hours of operation and a requirement to hold scrap on the site for a period of time.

## **Delegations**

16. It is recommended that Licensing committee delegate to the:
  - Head of citywide services to consider applications and, where he is satisfied that the applicant is suitable, grant the licence;
  - Licensing sub-committee to determine applications when an applicant is not considered suitable by the Head of citywide services and the applicant has been informed and made a representation.
  - Licensing sub-committee to determine whether to revoke a licence; and
  - Head of citywide services all other decisions under The Act, including the decision to refuse an application where the applicant has not made representation and to add conditions to a licence.

## **Fees**

17. The Act states that fees can be charged under the Scrap Metal Act 2013. However it is for each local authority to determine its own fee levels and when doing this they must have regard to any guidance. The LGA guidance on setting licence fee states that fees should cover the costs of administration and compliance with the regime. The fees must not exceed the cost of providing the service.

18. The costs in processing and determining applications has been assessed by identifying the various tasks involved and the time likely to be taken by officers to complete them. Officer's hourly rates (including on costs) have been applied to these timings, together with a proportion of the cost in the event an application has to be considered by a Licensing sub-committee. The proposed fees are detailed below.

Licence type	Proposed fee
New Application site Licence - 3 years	£204
Renewal Application Site Licence – 3 years	£204
New Application Collectors Licence - 3 years	£93
Renewal application collectors licence – 3 year	£93
Variation – licensee name change	£22
Variation – change of site	£165
Variation – change of site manager	£101
Variation – site to collectors licence	£23
Variation – collectors to site licence	£23

19. After a period of time it will be necessary to review the fees to assess whether they accurately reflects the costs involved in administering the licences. If appropriate the fees may need to be adjusted.

## **Conclusion**

20. Adoption by Licensing Committee of the recommendations in the report will enable officers to administer and charge fees for Scrap Metal Dealer Licences. Cases where the applicant may not be suitable to hold a licence and the applicant has contested this by submitting representation, or where an existing licence holder may no longer suitable will be referred to a Licensing sub-committee.

# APPENDIX A

## Information on the New Scrap Metal Laws

### Please Note

The information in this fact sheet is taken from the Scrap Metal Dealers Act 2013, the new Regulations and current national guidance. Norwich City Council provides this information to give assistance to Scrap Metal Dealers on their obligations under the new legislation however it does not cover everything and there may be further regulations and further national guidance on how the legislation will apply in practice.

### What is Scrap Metal?

Scrap metal is any old, waste or discarded metal or metallic material, and any product, article or assembly which is made from or contains metal and is broken, worn out or regarded by its last holder as having reached the end of its useful life. The definition includes platinum and a range of other rare metals now being used in catalytic converters. Gold or silver are not included in the definition of scrap metal.

### What is a Scrap Metal Dealer?

A dealer is someone carrying on a business which consists wholly or in part of buying or selling scrap metal, whether or not the metal is sold in the form in which it is bought. A dealer also includes someone carrying on business as a motor salvage operator. A manufacturing business that sells scrap metal created only as a by-product of the processes it uses, or because it has a surplus of materials, is not included.

### What is a Motor Salvage Operator?

This is a business that:

- wholly or in part recovers salvageable parts from motor vehicles for reuse or re-sale, and then sells the rest of the vehicle for scrap
- wholly or mainly involves buying written-off vehicles and then repairing and selling them off
- wholly or mainly buys or sells motor vehicles for the purpose of salvaging parts from them or repairing them and selling them off.

### What is a Site?

A site is any premises used in the course of carrying on business as a scrap metal dealer (whether or not metal is kept there). This means that someone who trades in scrap metal will need a site licence for their office even if they do not operate a scrap metal store or yard.

### What is a Mobile Collector?

This is a person who carries on a business as a scrap metal dealer other than at a site and regularly collects waste materials and old, broken, worn out or defaced articles by means of visits from door to door.

## Offence of buying scrap metal for cash

You can only buy scrap metal in the following ways:

- By cheque
- By electronic transfer of funds. This includes credit or debit card

It is an offence to accept cash or payment in kind (i.e. with goods or services)

## Requirement to Verify Supplier's Identity

The Act says you cannot receive scrap metal from a person unless you can verify the person's name and address. You must do this by checking documents that have a photo to prove identity and also show the person's address. The Government has told us what documents are acceptable.

Documents that are acceptable that have a photograph are:

- a valid United Kingdom passport;
- a valid passport issued by an EEA state;
- a valid Great Britain or Northern Ireland photo-card driving licence;
- a valid UK biometric immigration document.

Documents that are acceptable that show the full name and address are:

- a bank or building society statement;
- a credit or debit card statement;
- a council tax demand letter or statement;
- a utility bill, but not a mobile telephone bill.

For example a photocard driving licence will enable you to check the photograph and the address. However if you see a passport to check the photo you will also need to see something from the second group to check the address as a passport does not show the home address.

## Requirement to Keep Records

The Act requires you keep the following records. You must keep these records for 3 years.

Receipt of Metal

- Description of the metal including its type, form, condition, weight and any marks or distinguishing features
- The date and time of receipt
- If the metal is delivered to you by vehicle the registration of the vehicle
- If the metal is received from a person the full name and address of the person. This includes if you collect door to door.
- If you pay for the metal the full name of the person who makes the payment
- If you receive the metal from a person you must keep a copy of any document which you use to verify the name and address of that person. This includes if you collect door to door.
- If you pay for the metal by cheque you must keep a copy of the cheque

- If you pay for the metal by electronic transfer you must keep the receipt of the electronic payment or if no receipt you must record the particulars of the transfer.

## Disposal of Metal

These apply to both Sites and Collectors and whether or not the metal is disposed of in the same form in which it was received.

- Whether or not the disposal is to another person
- Whether or not the metal is dispatched from a site
- Date and time of disposal
- If disposal is to another person the full name and address of that person

Under a Site Licence you must also record

- Description of the metal including its type or types if mixed, form and weight
- If you receive payment for the metal whether by sale or exchange, the price or other consideration received