



Derby City Council

# **Scrap Metal Dealers Policy**

**Version 1 – October 2013**

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## **SCRAP METAL POLICY**

### **1. Introduction**

- 1.1 Metal theft over recent years has had a significant impact on communities, businesses and local authorities alike. Such thefts have seen communications and the train network disrupted, historic buildings, churches etc. desecrated, and everybody's safety put at risk with inspection covers, drainage gully covers and road signage being stolen. Regulatory agencies and organisations have lobbied the Government to update the outmoded scrap metal legislation. The Scrap Metal Dealers Act 2013 has been created to help prevent some of the previous issues surrounding the sale, collection, storage and disposal of scrap metal.
- 1.2 This policy outlines the requirements of the Scrap Metal Dealers Act 2013 (the Act). It gives guidance to new applicants, existing licence holders, consultees and members of the public as to how the Council will administer and enforce the requirements of the Act.
- 1.3 Derby City Council (the licensing authority) may depart from its own policy if individual circumstances of any case warrant such a deviation. In such cases the Council must give full reasons for doing so.
- 1.4 This policy will be reviewed on a regular basis. In the preparation and publication of this policy, the following will be consulted:
  - a) Derbyshire Constabulary
  - b) Derbyshire Fire and Rescue Service
  - c) Environment Agency
  - d) The Council's Environmental Protection Team
  - e) The Council's Trading Standards Team
  - f) British Transport Police
  - g) Existing licence holders
  - h) Relevant trade associations.

## 2. Background

2.1 The Scrap Metal Dealers Act 2013 comes into effect on 1 October 2013. It repeals previous legislation and creates a revised regulatory regime for scrap metal recycling and vehicle dismantling industries.

2.2 The Act defines a 'scrap metal dealer' as a person who carries on the business which consists wholly or in part of the buying and selling of scrap metal, whether or not the metal is sold in the form it was bought. This does not include manufacturing operations that sell metal as a by-product of the processes being used in that operation. This includes the business of collecting scrap metal, i.e. door to door collectors.

2.3 The definition of scrap metal dealer is wide and may include skip hire firms, and tradesmen, such as plumbers and builders who sell scrap metal resulting from their businesses.

2.4 In these circumstances, each business will be considered on its own merits, but consideration will be given to the amount of metal sold and how incidental the sale is to the main business. So, in most cases, for plumbers, electricians and builders etc. the sale of metal will be incidental and should not require a licence. However, skips sited at demolition sites, or at engineering manufacturing sites or plumbers' yards, it is likely the skip will contain a significant amount of metal, so the skip hire company will require a licence.

2.5 The Act identifies the local authority as the principal regulator and gives them the power to regulate these industries by the ability to refuse licences to 'unsuitable' applicants and the power to revoke those licences held by licence holders who become 'unsuitable'.

2.6 The Act states that "scrap metal" includes:

- 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.

This definition does include platinum and other rare metals now being used in catalytic converters in vehicle exhausts.

2.7 The following is not considered to be "scrap metal":

- gold
- silver, and

- any alloy of which 2 per cent or more by weight is attributable to gold or silver.

2.8 A dealer also includes someone carrying on the business as a motor salvage operator. This is defined as a business that:

- Wholly or in part recovers salvageable parts from motor vehicles for re-use 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 re-selling them
- Wholly or mainly buys or sells motor vehicles for the purpose of salvaging parts from them or repairing them and re-selling them.

2.9 The Act is not intended to include second hand goods. Jewellers or businesses trading in second hand gold, silver and products are not included in this legislation.

However, only vehicles without a certificate of destruction, or are capable of being driven without repair, with or without a valid MOT are likely to be classed as second hand goods. Other vehicles are likely to be considered scrap. These aspects will be considered when the Council determines whether or not a scrap metal dealer licence is required. It should also help prevent any motor salvage operators attempting to circumvent the legislation and its requirements.

2.8 Any words or expressions in the policy have the meaning assigned to them under the Act.

### **3. Types of Licence**

3.1 A licence is required to carry on the business as a scrap metal dealer. A licence once granted lasts for three years. Trading without a licence is a criminal offence.

3.2 There are two types of licences specified in the Act:

#### **Site Licence**

All sites operating as a scrap metal business must be licensed. Each site must have a named site manager. A site licence allows the licence holder to transport scrap to and from the site from any local authority area.

## **Collector's Licence**

This licence allows the holder to collect scrap within the area of the issuing local authority. This licence does not permit the holder to operate a scrap metal site, nor does it allow collection outside of the area of the issuing authority. If a person collects scrap from numerous local authority areas, a collector's licence will be required from each local authority he/she collects scrap within.

A dealer can only hold **ONE** type of licence in any one local authority.

- 3.3 A site under the Act is defined as 'any premises used in the course of carrying on a business as a scrap metal dealer, (whether or not metal is kept there)'. This means a dealer will require a licence for an office, even if they do not operate a metal store or yard from those premises.
- 3.4 Holding a site or collector's licence does not exempt the licensee from requiring any other licence or permit to operate their scrap metal business.

## **4. Suitability of Applicant**

- 4.1 The Council must determine if an applicant is a suitable person to carry on the business as a scrap metal dealer.
- 4.2 The Council may have regard to any information which it consider to be relevant, this may include:
  - a) Whether the applicant or site manager has been convicted of any relevant offence; or
  - b) Whether the applicant or site manager has been the subject of any relevant enforcement action; or
  - c) Whether there has been any refusal of an application of the issue or renewal of a scrap metal licence, and the reasons for the refusal; or
  - d) Whether there has been any refusal of an application for a relevant environmental permit or registration, and the reasons for the refusal; or
  - e) If there has been any previous revocation of a scrap metal licence, and the reasons for the revocation; or
  - f) Whether the applicant has demonstrated there will be adequate procedures in place to ensure compliance with the Act.

4.3 When establishing the applicant's suitability, the Council may consult with the following agencies:

- a) Derbyshire Constabulary;
- b) Her Majesty's Revenue and Customs;
- c) Environment Agency;
- d) The Council's Environmental Protection Team, and
- e) The Council's Trading Standards Team.

4.4 Relevant offences or relevant enforcement action are those listed under the Scrap Metal Dealers Act 2013 (Prescribed Relevant Offences and Relevant Enforcement Action) Regulations 2013.

## **5. Supply of Information by Authority**

5.1 Information supplied to the authority in relation to an application for, or relating to a scrap metal licence must be provided when requested relating to a licence to :

- a) Any other local authority;
- b) The Environment Agency; or
- c) An officer of a police force.

This does not limit any other power the authority has to supply that information.

## **6. Register of Licences**

6.1 The Environment Agency will maintain a register of scrap metal licences issued by all local authorities in England. The register will include the following information:

- a) name of the authority which issued the licence;
- b) the name of the licensee;
- c) any trading name of the licensee;

- d) the address of the site identified on the licence;
- e) the type of licence, and
- f) the date of expiry on the licence.

The register will be open for inspection by members of the public.

6.2 The Council are required to update the register on a regular basis.

## **7. Display of Licence**

7.1 Once granted, a copy of the licence must be displayed at each site identified on the licence, in a prominent place accessible to members of the public.

7.2 A copy of a collector's licence must be displayed on any vehicle that is being used in the course of a dealer's business. It must be displayed in a prominent position so that it can be easily read from outside the vehicle.

## **8. Verification of Supplier's Identity**

8.1 Before receiving scrap metal, the dealer must verify a person's full name and address, by reference to documents or data from a reliable and independent source.

8.2 If suitable verification is not obtained the scrap metal dealer, or site manager, or person who has been delegated responsibility by the dealer or site manager for verifying the name and address, shall be guilty of an offence.

## **9. Payment for Scrap Metal**

9.1 A scrap metal dealer must only pay for scrap metal by either:

- a) cheque (which is not transferable under Section 81A of the Bills of Exchange Act 1882); or
- b) electronic transfer of funds (authorised by a credit, debit card or otherwise)

Cash payments and payment in kind with goods and services for scrap metal are not permitted.

## **10 Records**

10.1 The scrap metal dealer must keep three types of records:

- a) Receipt of Metal
- b) Disposal of Metal
- c) Supplementary

### **10.2 Receipt of Metal**

If metal is received in the course of the dealer's business, the following must be recorded:

- a) Description of the metal, including its type (types if mixed), form, condition, weight and any marks identifying previous owners or other distinguishing features ;
- b) Date and time of receipt;
- c) The registration mark of the vehicle it was delivered by;
- d) Full name and address of the person delivering it, and
- e) Full name of the person making payment on behalf of the dealer.

10.3 The dealer must keep a copy of the documents used to verify the delivery person's name and address.

10.4 If payment is by cheque a copy of the cheque must be retained.

10.5 If payment is by electronic transfer a receipt identifying the transfer must be retained, or the details of the transfer.

### **10.6 Disposal of Metal**

10.7 Disposal under the Act covers metal:

- a) Whether or not it is in the same form when it was purchased;
- b) Whether or not it is to another person; or
- c) Whether or not it is despatched from a site.

10.8 Disposal records must be recorded, including:

- a) Description of the metal, including its type (types if mixed), form,

weight

- b) Date and time of disposal;
- c) If to another person, their full name and address, and
- d) If payment is received for the metal (sale or exchange) the price or other consideration received.

10.9 If disposal is in the course of business conducted under a collector's licence, the dealer must record:

- a) Date and time of disposal, and,
- b) If to another person, their full name and address.

#### 10.10 **Supplementary**

10.11 The information collected during receipt and disposal must be recorded in such a manner that allows the information and the metal to which it relates to be easily identified.

10.12 The records of receipt must be marked so as to identify the metal to which they relate.

10.13 Records must be kept for a period of 3 years beginning on the day of receipt, or disposal (as may be).

10.14 If suitable records for the receipt or disposal of scrap metal are not kept then the scrap metal dealer, or site manager, or person who has been delegated responsibility by the dealer or site manager for keeping records, shall be guilty of an offence.

10.15 A dealer or site manager may have a defence if they can prove arrangements had been made to ensure the requirement to keep records was fulfilled, or that they took all reasonable steps to ensure those arrangements were complied with.

### 11. **Right of Entry & Inspection**

11.1 An authorised officer of the Council may enter and inspect a licensed site at any reasonable time, with or without notice to the site manager.

11.2 Entry and inspection without notice would occur, if:

- a) Reasonable attempts to give notice had been given and had failed, or

- b) Entry to the site is reasonably required for the purpose of ascertaining whether the provisions of the Act are being complied with or investigating offences under it, and, in either case, the giving of the notice would defeat that purpose.
- 11.3 Sections 11.1 and 11.2 do not apply to residential premises.
- 11.4 An authorised officer of the Council is not entitled to use force to enter a premises, but may ask a justice of the peace to issue a warrant authorising entry, if they are satisfied there are reasonable grounds for entry to the premises is reasonably required for the purpose of:
  - a) securing compliance with the provisions of the Act, or
  - b) ascertaining whether those provisions are being complied with.
- 11.5 'Premises' under this section include:
  - a) licensed site, or
  - b) premises that are not licensed, but there are reasonable grounds for believing the premises are being used as a scrap metal dealing business.
- 11.6 An authorised officer of the Council may use reasonable force in the exercise of the powers under a warrant obtained under section 11.4
- 11.7 An authorised officer of the Council may require:
  - a) production of, and inspect, any scrap metal kept at any licensed premises, and
  - b) require production of, and inspect, any records kept in respect of receipt and disposal of metal, and
  - c) to take copies of or extracts from any such record
- 11.8 An authorised officer of the Council must produce evidence of their identity, and evidence of their authority to exercise these powers, if requested by the owner, occupier, or other person in charge of the premises.

## **12. Application Procedure**

- 12.1 An application form, available from the Council's website or from the Licensing Team must be completed, together with the correct fee and a current Basic Disclosure of criminal convictions. A Basic Disclosure will be

valid for 3 months from the date of issue.

- 12.2 A licence once granted is valid for 3 years.
- 12.3 A renewal application must be received before the expiry of the current licence.
- 12.4 If a licence application is refused, the licence expires when no appeal is possible, or an appeal is determined or withdrawn.
- 12.5 A licence may be varied from one type to another, i.e. site licence to collector's licence.

A variation application must be made to reflect changes to:

- a) name of licensee, site manager, or sites on a site licence, or
- b) name of licensee on a collector's licence.

A variation cannot be used to transfer the licence to another person, only to amend the name of a licensee.

Application to vary must be made to the issuing authority.

- 12.6 When in receipt of a renewal application, which is subsequently withdrawn, the licence expires at the end of the day on which the application was withdrawn.
- 12.7 Derby City Council may request additional information is provided for the consideration of the application.  
  
Failure to provide such information may result in the application being refused.
- 12.8 The fee is set by the Council under guidance issued by the Home Office with the approval of the Treasury.
- 12.9 Fees are set after taking into account the cost of processing, administering and compliance costs associated with the licence. The Council is committed to reviewing fees on a regular basis.
- 12.10 If the Council proposes to refuse an application, or to revoke, or to vary a licence by imposing conditions, a notice must be issued to the licence holder setting out the Council's proposals and the reasons for their decision. The notice will indicate details of a Sub-Committee hearing date, where the applicant or licensee can either:
  - a) can make written or oral representations about the proposal, or

b) inform the Council that the applicant or licensee wishes to do so.

This time period must not be less than 14 days beginning on the day the notice was given to the applicant or licensee. Derby City Council will stipulate a time period of 21 days for representations or intentions to be received.

Within this time the applicant or licensee must notify Derby City Council that they do not wish to make representations.

12.11 If the applicant or licensee does not make representation or notify the Council that they wish to do so, the Council may refuse, revoke or vary the licence.

12.12 If a notification is received that the applicant or licensee wishes to make representation, the Council must allow a reasonable period for them to make their representation. The Council will allow 14 days for written representations to be received from the date the application becomes contested, or the Council receives notification of the applicant having a relevant offence. The applicant or licensee may wish to make an oral representation; if this is the case the person must notify the Council within the 14 day time period.

If this time period lapses, without a written representation, or a request for an oral representation being received, the Council may refuse, revoke or vary the licence.

12.13 Where there is a representation a hearing will be arranged, and the case will be presented before a panel of the General Licensing Committee. The applicant or licensee will be invited to attend. The Council will give at least 10 working days' notice of the date and time of the hearing to the applicant or licensee.

12.14 In the event of a refusal of an application, revocation or variation of a licence, a notice outlining the Council's decision and the reasons for it will be given to the applicant / licensee.

The notice will include the appeal procedure.

12.15 The Council must be notified within 14 days of the licence holder, or site manager receiving a conviction of a relevant offence.

### **13. Appeals**

- 13.1 An applicant may appeal to the magistrates' court against a refusal of an application or variation.

The licensee may appeal to the magistrates' court against the inclusion on the licence of a condition under Section 3(8) of the Act, or a revocation or variation of a licence under Section 4 of the Act.

The appeal procedure will be in accordance with the Magistrates' Courts Act 1980, and must be lodged within 21 days of receipt of the decision notice.

On appeal the magistrates' court may confirm, vary or reverse the Council's decision, and give such directions as it considers appropriate having regard to the provisions of the Act.

### **14. Revocation and Imposing Conditions**

- 14.1 The Council may revoke a scrap metal licence if it is satisfied the licence holder does not carry on a scrap metal business at any of the sites named on the licence.

- 14.2 The Council may revoke a scrap metal licence if it is satisfied the site manager named on the licence does not act as a site manager at any of the named sites on the licence.

- 14.3 The Council may revoke a scrap metal licence if it is no longer satisfied the licence holder is no longer a suitable person to carry on the business.

- 14.4 If the licence holder, or site manager named on a licence is convicted of a relevant offence, the authority may impose one or both of the following conditions:

a) The dealer must not receive scrap metal except between 9am and 5pm on any day;

b) All scrap metal received must be kept in the form in which it was received for a specified period, not exceeding 72 hours, beginning with the time when it was received.

- 14.5 A revocation or variation only comes into effect when no appeal under the Act is possible, or when such appeal has been determined or withdrawn.

- 14.6 If the authority considers the licence should not continue without the addition of one or more of the conditions in section 15.4, the licence holder will be

given notice :

- a) that, until a revocation comes into effect, the licence is subject to one or both of the conditions, or
- b) that a variation comes into immediate effect.

## **15. Closure of Unlicensed Sites**

- 15.1 If an authorised officer of the Council is satisfied premises are being used by a scrap metal dealer in the course of their business and the premises are unlicensed, they may issue a closure notice.

A copy of the notice must be given to:

- a) a person who appears to be the site manager, and
- b) any person who appears to be a director, manager, or other officer of the business.

A copy may also be given to any person who has an interest in the business, a person who occupy part of the premises, or where the closure may impede a person's access to that other part of the premises.

- 15.2 After a period of 7 days, the authorised officer may apply to a justice of the peace for a closure order.

The court must be satisfied the premises will continue to be used by a scrap metal dealer, or there is a reasonable likelihood that the premises will be.

A closure order will close the premises immediately, and the premises will remain closed to the public until the Council makes a termination of closure order by certificate. The scrap metal dealer must cease his business immediately. It will require the defendant to pay a sum into the court, which not be released until the person has complied with the requirements of the order.

Such an order may have a condition relating to the admission of people into the premises, or may include a provision the court considers appropriate.

A copy of the order must be placed on the premises in a prominent position by the Council.

- 15.3 Once the requirements of the order have been complied with and the Council is satisfied the need for the order has ceased, a certificate may be made.

This ceases the order and the sum of money paid into the court is released.

A copy of the certificate must be given to any person the closure order was made against, give a copy to the court and place a copy on the premises.

A copy must be given to anyone who requests one.

- 15.4 Anyone issued with a closure order may complain to a justice of the peace. The court may discharge the order, if it is satisfied there is no longer a need for a closure order.

The licensing authority may be required by the court to attend and answer the complaint made.

Notice of the hearing must be given to all people issued with the closure order.

- 15.5 Appeal may be made to the Crown Court against:

- a) a closure order;
- b) a decision not to make a closure order;
- c) a discharge order; or
- d) a decision not to make a discharge order.

Any appeal must be lodged within 21 days beginning on the day on which the order or decision was made.

Appeal a) and b) may be made by any person who was issued with an order.

Appeal c) and d) may be made by the Licensing Authority.

- 15.6 A person is guilty of an offence, if they allow the premises to be open in contravention of a closure order, without reasonable excuse, or fails to comply with, or contravenes a closure order.

- 15.7 An authorised officer of the Authority may enter the premises at any reasonable time to ensure compliance with the order. They may use reasonable force if necessary.

- 15.8 An authorised officer must produce evidence of their identity or evidence of their authority to exercise the powers under the Act, if requested to do so.

## 16. Delegation of Functions

- 16.1 Where there are uncontested applications, or where there are no questions about the suitability of the applicant the determination should be dealt with by the Council's Licensing Officers.
- 16.2 Contested applications where there is relevant information from any of the consultees, or queries regarding an applicant's suitability, revocation of a licence or the imposition of conditions will be presented to a panel from the General Licensing Committee.
- 16.3 Table 1 below outlines the Delegation of Functions.

<b>Matter to be dealt with</b>	<b>General Licensing Committee</b>	<b>Licensing Panel*</b>	<b>Officers<sup>+</sup></b>
Determination of policies and strategies	All cases		
New or renewal application		All cases where there are unspent relevant convictions, or contested cases following receipt of information from consultees.	All cases where there are no unspent relevant convictions, or where cases are uncontested.
Variation of licence by the imposition of conditions following licence holder or site manager being convicted of a relevant offence		All cases	
Revocation of licence		All cases	

Variation of licence under Schedule 1, sect. 3			All cases
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Key

* Licensing Panel – 3 members from the General Licensing Committee
+ Officers from the Licensing Team

## 17. Enforcement

17.1 In order to ensure compliance with the legislation and any conditions imposed, licences will be inspected at least once a year, using a risk-based approach.

This will allow resources to be more effectively targeted on high-risk or problematic licence holders and prevent over burdensome enforcement on compliant and well managed licences.

17.2 Appropriate enforcement action will be taken in accordance with the legislation and any guidance issued under that legislation, the Council's Environment & Regulatory Services Enforcement Policy and the government's Enforcement Concordat, and any other enforcement protocols that may be agreed with other agencies.

## 18. Offences & Penalties

18.1 The following paragraphs are only indicative of the general offences and penalties. Independent legal advice should be sought for individual cases.

18.2 Offence relating to scrap metal dealing are described below under the relevant piece of legislation

18.3 Table of Offences – Scrap Metal Dealers Act 2013

Section	Offence	Maximum Penalty
1	Carrying on the business as a scrap metal dealer without a licence	Level 5
8	Failure to notify the authority of any changes to details given with the application	Level 3
10	Failure to display site licence or collector's licence	Level 3
11 (6)	Receiving scrap metal without verifying persons full name and address	Level 3
11 (7)	Delivering scrap metal to dealer and giving false details	Level 3
12 (6)	Buying scrap metal for cash	Level 5
13	Failure to keep records regarding receipt of metal	Level 5
14	Failure to keep records regarding disposal of metal	Level 5
15 (1)	Failure to keep records which allow the information and the scrap metal to be identified by reference to one another	Level 5
15 (2)	Failure to keep copy document used to verify name and address of person bringing metal, or failure to keep a copy of a cheque issued.	Level 5
15 (3)	Failure to keep information and records for three years	Level 5
16	Obstruction to right of entry and failure to produce records	Level 3

18.4 Current levels of fines:

Level 1 - £200

Level 2 - £500

Level 3 - £1,000

Level 4 - £2,500

Level 5 - £5,000

### 18.5 Offences by Bodies Corporate

Where an offence under the Act is committed by a body corporate and is proved:

- a) to have been committed with the consent or connivance of a director, manager, secretary or similar officer, or
- b) to be attributable to any neglect on the part of any such individual

the individual as well as the body corporate is guilty of the offence and liable to be proceeded against and punished accordingly.

Where the affairs of the body corporate are managed by its members, any acts or omissions committed by that member will be treated as though that member were a director of the body corporate.