

TELFORD & WREKIN COUNCIL

CABINET - 19th SEPTEMBER 2013

SCRAP METAL DEALERS ACT 2013

REPORT OF THE INTERIM MANAGER – PUBLIC PROTECTION

LEAD CABINET MEMBER – CLLR RICHARD OVERTON

1. Purpose

- 1.1 To inform Cabinet of the implementation of the Scrap Metal Dealers Act 2013.
- 1.2 For the Cabinet to consider the proposed level of Licence Fees.
- 1.3 For the Cabinet to consider delegating authority to officers.

2. Recommendations

It is recommended that :

- 2.1 That Cabinet approve the proposed level of licence fees for Site Licences and for Collectors Licences**
- 2.2 That Cabinet delegate authority to grant, refuse, vary or revoke licences and to impose licence conditions to the Principal Licensing Officer.**
- 2.3 That Cabinet delegate authority to the Principal Licensing Officer, following consultation with the Cabinet Member for Public Health and Public Protection, to establish a policy in respect of determining applications and an appropriate procedure for dealing with representations**

3. Summary

- 3.1 The Scrap Metal Dealers Act 2013 replaces the previous registration system for scrap metal dealers under the Scrap Metal Dealers Act 1964 and the licensing system for motor salvage operators under the Vehicles (Crime) Act 2001.

4. Previous Minutes

There are no previous minutes.

5. Information

5.1 Background

- 5.1.1 The Scrap Metal Dealers Act 2013 comes into effect on 1st October 2013. It was introduced as a Private Members Bill by Richard Ottaway MP in order to tackle scrap metal theft and will cover England and Wales.
- 5.1.2 Local Authorities will be responsible for administration and compliance in relation the Act. There will be greater powers of entry for the police.
- 5.1.3 There will be two types of licences, one is for a site licence and the other is for a mobile collector licence. A site licence requires all of the sites at which the licensee carries on the business as a scrap metal dealer within the local authority area to be identified and a site manager to be named for each site. They will be permitted to operate from those sites as a scrap metal dealer, including transporting scrap metal to and from those sites from any local authority area. A collector's licence authorises the licensee to operate as a mobile collector in the area of the issuing local authority, permitting them to collect any scrap metal as appropriate. This includes commercial as well as domestic scrap metal. The licence does not permit the collector to collect from any other local authority area. A separate licence should be obtained from each local authority which the individual wishes to collect in.
- 5.1.4 Only suitable dealers will be allowed to operate. Licensing Authorities can consider relevant criminal convictions and will have to determine whether an applicant is a suitable person to operate as a scrap metal dealer. They will have the power to revoke licences.
- 5.1.5 The new Act will oblige all dealers to keep records of traders, to keep receipts and it will be an offence for dealers to pay for scrap in cash.
- 5.1.6 There will be increased financial penalties for breaches of the Act. The fine will be at level 5 on the standard scale, however, with proposed changes to the size of fines that Courts can impose, this will mean that a fine at that level will become unlimited.
- 5.1.7 There will be a national register of scrap metal dealers maintained by The Environment Agency and the Natural Resources Body for Wales.

5.1.8 The power to set licence fees has been passed to Local Authorities. The licence fee should cover the cost of the time spent assessing and administering an application but it cannot cover the cost of enforcement activity against unlicensed operators. Any activity taken against unlicensed operators must be funded through existing funds. Draft fees are attached at Appendix A, together with benchmarking data on other local authorities' draft fees.

Also attached at Appendix B is the full costing exercise calculated by Finance which was based on corporate overheads for the Licensing function plus projected officer time for :

- processing applications,
- assessing the suitability of applicants,
- report writing,
- hearing representations
- inspections for the duration of the 3 year licence
- exchanging data with the Environment Agency

5.1.9 As this is a new licensing function, officer time has been based on projections. It is proposed, therefore, to review licence fees after a year.

5.1.10 We know that nationally proposed licensing fees have varied considerably from £170 to £1200.

5.1.11 Cabinet Members are now asked to determine an appropriate fee level for Telford & Wrekin Council based on the information that has been provided within Appendices A & B.

5.2 **Equal Opportunities**

5.2.1 None – statutory provisions being implemented only.

5.3 **Legal Comment**

5.3.1 The 2013 Act repeals the Scrap Metal Dealers Act 1964 and consolidates scrap metal dealers and motor salvage operators under one licensing regime.

5.3.2 The determination of licence applications must be reasonable and is subject to the usual public law considerations. As such, a policy in respect of factors to be taken into account when determining such applications is required along with an appropriate procedure for hearing representations made by applicants. It is suggested that, due to the short timescales prior to implementation of the Act, the policy and procedures be determined by the

Principal Licensing Officer following consultation with the
Cabinet Member for Public Health and Public Protection

5.4 **Links with Corporate Priorities**

5.4.1 This report has links to the following priorities :

- Protect and create jobs as a “Business Supporting, Business Winning Council”

5.5 **Financial Comment**

5.6.1 The license fees shown at appendix A have been calculated including staff time, license production costs and 20% of associated overheads. The fees were initially calculated on a full cost recovery basis including 100% of associated overheads however the rates were considered to be too high and would price the Council out of the market. Income generated from Scrap Metal Dealers will be additional income to the Council.

5.6.2 There are currently 10 Scrap Metal sites within the Borough and 9 Scrap Metal Collectors. Income from the initial license applications would be £5.4k. This would be received in the first year and would cover a 3 year period so would equate to £1.8k additional annual income. When the licenses are renewed after 3 years this would generate £2.5k additional income over a 3 year period so £0.8k per year. Should any new sites be opened in the Borough or further Scrap Metal Collectors operate within the Borough then additional income would be generated.

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5.6 **Risks and Opportunities**

5.6.1 In proposing this action the Corporate Risk Management Methodology has been complied with. This approach is not intended to eliminate risks but to identify the risks and manage them. However not all risks can be managed all of the time and some risks may not have been identified.

5.6.2 The following key risks and opportunities associated with this action have been identified and assessed and arrangements will be put in place to manage them.

- (i) A legal challenge by way of Judicial Review should the Council not implement the changes brought about by the Scrap Metal Dealers Act 2013.

6. Ward Implications

6.1 This report has Borough wide Implications.

7. Background Papers

7.1 Scrap Metal Dealers Act 1964

7.2 Vehicles (Crime) Act 2001

7.3 LGA Guide to the Scrap Metal Dealers Act 2013

7.4 Scrap Metal Dealers Act 2013: Guidance on Licence Fee Charges –
Home Office

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