



Home Office

# **Review of the Scrap Metal Dealers Act 2013**

Presented to Parliament  
by the Secretary of State for the Home Department  
by Command of Her Majesty

December 2017

Cm 9552



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## **Introduction and background to the review**

The Scrap Metal Dealers Act 2013 was introduced to tackle rising levels of metal theft. Prior to the Act, metal theft offences were increasing, driven by the rising cost of metals on the world commodity market. The cost of these offences to the UK was estimated to be at least £220 million per annum, and the crimes posed a threat to the security of the national infrastructure and affected a range of sectors including power, transport and telecommunications. The purpose of the Act was to reverse the upward trend in levels of metal theft through stricter regulation of the metal recycling sector to make it more difficult to dispose of stolen metal.

The Act:

- requires a scrap metal dealer to hold and display a licence, issued by the relevant local authority. This can be either a site licence or a mobile collector's licence;
- permits local authorities to charge a licence fee, set locally, at cost recovery;
- allows for the closure of unlicensed sites;
- requires local authorities to provide appropriate information to enable the Environment Agency in England and the Natural Resources Body for Wales to maintain national registers of licences;
- requires scrap metal dealers to verify the identity and address of persons from whom they receive metal;
- makes it an offence for a scrap metal dealer to purchase scrap metal for cash;
- sets out the record-keeping requirements in respect of any scrap metal received or disposed of by scrap metal dealers; and
- provides the police and local authorities with a right to enter and inspect scrap metal dealers' premises.

### ***The purpose of this review***

Section 18 of the Scrap Metal Dealers Act 2013 requires the Secretary of State to conduct a review of the Act and to publish a report of the conclusions of that review within 5 years of the Act coming into force; that is, by 30 September 2018.

The Act requires that this report must set out the objectives intended to be achieved by the Act, and assess the extent to which those objectives have been achieved and whether it is appropriate to retain or repeal the Act or any of its provisions.

### ***Timing and scope of the review***

Prior to the end of 2016, a number of interested parties approached the Home Office to say that there was now sufficient evidence to commence the review and that there was no need to wait until 2018 to do this. In view of this, and after consideration of the available evidence, Home Office Ministers agreed that the review should be undertaken early.

In December 2016, the Home Office wrote to potentially interested parties to seek their views on the contribution that the Scrap Metal Dealers Act 2013 had made to reductions in levels of metal theft. Specifically, these organisations were asked:

- whether the Act has been successful in providing a robust, modern, and comprehensive regulatory regime for the metal recycling sector in order to tackle the trade in stolen metal;
- whether it is appropriate to retain or repeal the Act or any of its provisions;
- whether the requirements relating to licences and the national registers set out in the Act have helped to achieve the Act's objectives; and
- the extent to which other requirement in the Act - to verify the identity of those from whom scrap metal dealers receive scrap metal; the requirement that dealers must maintain appropriate records of all transactions; and the prohibition on dealers paying for scrap metal by cash - have helped to achieve the Act's objective.

Over 50 individuals and organisations wrote to the Home Office with views on the review and these views are reflected throughout this report.

## 1. Has the Scrap Metal Dealers Act 2013 met its intended objectives?

The Scrap Metal Dealers Act 2013 was introduced to reduce metal theft by strengthening regulation of the scrap metal industry. The intention was to make it more difficult for unscrupulous dealers to trade in stolen metal as the key to reducing the incidence of metal theft. In order to assess whether the legislation has achieved these objectives, the Home Office has looked at the available evidence on trends in metal theft, and asked interested parties for their views.

### *The trends in metal theft*

In January 2015, the Home Office published: *An evaluation of government/law enforcement interventions aimed at reducing metal theft*. This paper noted that metal theft offences had increased between 2009 and 2011, very much in line with rises in global metal prices, and then fell during 2012 and 2013. During this period, a package of interventions targeting metal theft was introduced:

- Operation Tornado, first piloted in January 2012 and then rolled out on a phased basis across England and Wales by September 2012. This required scrap metal dealers to request identification documentation for every cash sale and retain copies for 12 months;
- cashless trading from December 2012, which stopped scrap metal yards from accepting cash payments; and
- the Scrap Metal Dealers Act 2013, which was commenced on 1 October 2013.

The Home Office evaluation found that this package of interventions drove a reduction in offences over and above the effect of a fall in metal prices and other factors driving trends in acquisitive crime. Modelling conducted at the time suggested that the interventions themselves could be credited with a fall of around 30 per cent, with the rest being attributable to falling prices and other downward pressures on acquisitive crime.

The Home Office also began to collect data from police forces on metal theft in April 2012 and this now provides data on trends over a five year period. The table below shows that there has been a continuing downward trend in numbers of offences during this period.

### **Metal theft offences recorded by the police in England and Wales, year ending March 2013 to year ending March 2017**

England and Wales

	2012/13	2013/14	2014/15	2015/16	2016/17
	Number of offences				
Metal theft	62,997	42,230	27,362	16,639	12,970

There were 12,970 metal theft offences recorded by police forces in England and Wales in the year ending March 2017, which is a reduction of 22 per cent compared with the same forces for the previous year. The number of offences has reduced by 79 per cent since 2012/13.

### ***The views of interested parties***

In December 2016, the Home Office wrote to interested parties to advise them of the review and to ask them questions about the impact of the Scrap Metal Dealers Act 2013. The first two questions were:

- *whether the Scrap Metal Dealers Act 2013 has been successful in providing a robust, modern and comprehensive regulatory regime for the metal recycling sector in order to tackle the trade in stolen metal;*
- *whether it is appropriate to retain or repeal the Act or any of its provisions.*

The large majority of those who responded said that the Act should be retained. Only three respondents said that the Act should be repealed.

A few respondents also made the point that neither the Act nor the effect of falling metal prices had eradicated metal theft altogether. In particular, crimes such as the theft of lead from church roofs was said to suggest a shift from more opportunistic crimes involving, for example, the theft of small quantities of lead, to more serious and organised criminality where entire roofs were being stolen: fewer crimes, but more serious criminality, with a significant impact on victims and communities.

### ***More effective enforcement***

A key theme raised by respondents was the need for the legislation to be accompanied by more effective and consistent enforcement. Some respondents said that some dealers were continuing to trade in cash, emboldened by a view that they would not be caught because the requirements of the Act were not being effectively enforced.

These points go beyond the scope of this review, which is focused on the legislation itself, which continues to provide the foundation for tackling unscrupulous dealers who trade in stolen metal.

### ***Strengthening the legislation***

A number of respondents provided suggestions for strengthening the existing legislation. Some of the suggestions made for strengthening the legislation include:

- making it an offence to sell metal to a scrap metal dealer alongside the offence of buying for cash. It is suggested that this would help to further drive out cash transactions involving unscrupulous dealers;



- banning the provision of cheque cashing facilities at scrap metal sites to reduce the risk of dealers circumventing the legislation;
- putting a greater onus on scrap metal dealers to ensure that mobile collectors have the appropriate licence to collect scrap metal;
- revisiting the legal definition of scrap metal to include specifically any business involved in buying second hand vehicles;
- new requirements relating to mobile collectors including around both improved record keeping, compliance and regulatory arrangements and the display of licences used for mobile collections; and
- new regulations relating to the smelting of lead, in order to go further in tackling the theft of lead from church roofs.

The Home Office will give further consideration to the case for strengthening the legislation in the future, in consultation with the industry, the police and interested parties, building on the representations received in response to this review

## 2. The licensing regime

The Scrap Metal Dealers Act 2013 requires a scrap metal dealer to hold and display either a scrap metal dealer's site licence or a mobile collector's licence. These licences are issued by the local authority covering the area in which the dealer or collector operates. It is an offence to carry on a business as a scrap metal dealer without the appropriate licence.

The local authority must be satisfied that a person applying for a licence is a suitable person to carry on business as a scrap metal dealer having regard to any relevant information, including whether relevant enforcement action has been taken against the applicant or whether he or she has been convicted of a relevant offence. The local authority also has the power to revoke a licence, including where the local authority is no longer satisfied that the licensee is a suitable person to carry on business as a scrap metal dealer.

The local authority is able to charge a fee for the issue of a licence. The fee is set locally by each local authority on a cost recovery basis.

Finally, local authorities are required to provide information on all licences issued in their areas to the Environment Agency in England and the Natural Resources Body for Wales in order that these two bodies can maintain publicly accessible national registers of all licences.

### ***The views of interested parties***

The Home Office asked for views on:

- *whether the requirements in the Act relating to licences and the national registers have helped to achieve the Act's objectives.*

Generally respondents were supportive of the licencing regime as a central component of the regulatory arrangements. A number of issues were, however, raised. These include:

#### *Site licences*

- some respondents suggested that more regular site inspections by the local authorities who issue licences would help to ensure that dealers remain compliant with all the requirements in the Act, including in respect of record-keeping and non cash payments;
- some respondents wanted to see more checks made at the point of issuing site licences, for example to ensure that the site holds appropriate environmental permits;

### *Mobile licences*

- a number of respondents were concerned that collectors' licences were restricted to single local authority areas and did not allow collectors to operate in other local authority areas. This created significant financial burdens for collectors who operated across local authority boundaries. It was suggested that some form of multi-authority or national licence would resolve these issues;
- some respondents considered that too much attention was given to site licences rather than ensuring that mobile collectors were operating within the law;
- some said that insufficient attention was given to the needs of those with literacy or language issues within the application process;
- concerns were also raised about whether the police have sufficient powers to inspect vehicles or check their contents, as opposed to checking licences and other ID. Some respondents suggested that the details of vehicles used by collectors be included within their licence to assist police checks and enforcement, with a new duty imposed on sites to ensure that collectors with whom they trade have a valid licence.

### *General points about fees*

- a number of respondents said there were wide variations in the levels of fees charged by different local authorities, with those charging higher fees more likely to be able to fully assess the suitability of applicants than those charging lower fees. It was also said that it often took too long for applications to be decided;
- it was suggested that scrap metal dealer licences be aligned with other licencing regimes administered by local authorities and designated as a non-executive function, so that it can be dealt with by regulatory committees.

### *National register*

- many saw this as a valuable tool for checking the legitimacy of operators, although it was noted that the data on the national registers was incomplete, suggesting that not all local authorities were providing information on licences as they are required to do by the Act;
- some respondents advocated a national licensing scheme, which would overcome current deficiencies with the national registers and would remove the need for mobile collectors to hold multiple licences;
- questions were asked about whether it made sense for the Environment Agency in England and the Natural Resources Body for Wales to issue licences, as the holders of the national registers, rather than separate local authorities.

It is clear that the licensing regime plays a vital part in the regulation of the scrap metal industry. The Home Office will give further consideration to the issues about good and effective practices which have been made by a number of those who commented.

### 3. The impact of other requirements set out in the Act

The Scrap Metal Dealers Act 2013 requires scrap metal dealers to verify the identity and address of persons they receive metal from, and prohibits dealers from purchasing scrap metal for cash.

The Act also sets out the record-keeping requirements in respect of scrap metal received by a scrap metal dealer including the type of metal being purchased, the time and date of the transaction, personal information about the seller and proof that the transaction was non-cash. There are also record-keeping requirements relating to the disposal of metal by site licensees and collectors.

The Act also includes provisions relating to the powers of the police and local authorities to enter and inspect scrap metal dealers' premises.

#### ***The views of interested parties***

The Home Office asked for views on:

- *the extent to which requirements in the Act to verify the identity of those from whom scrap metal dealers receive scrap metal; the requirement that dealers must maintain appropriate records of all transactions, and the prohibition on dealers paying for scrap metal by cash have helped to achieve the Act's objective.*

Generally respondents understood that these requirements were all important components of the regulatory regime introduced by the Act, but a number offered suggestions for how these requirements might be strengthened, or where there were concerns that they were being flouted. The responses included:

- concerns that a number of sites continued to make cash payments in direct contravention of the Act, and that the number of such sites was increasing;
- concerns that some sites provide pre-paid cash cards or cheque-cashing facilities, so that once a payment has been made by cheque it can quickly be converted into cash. While some suggested that such practices should be prohibited, it was recognised that such practices did not remove the requirements around proof of identity and address and appropriate record keeping;
- others were concerned that the requirements to verify the seller's identity and address and to keep copies of documents for three years was too onerous, particularly for mobile collectors. Some suggested that the public were sometimes reluctant to provide such information to scrap metal dealers;
- there were concerns that some individuals or groups who did not have access to bank accounts were disadvantaged by the prohibition on cash transactions;

- in some areas, it was said that many mobile collectors had either literacy or language issues, which not only impacted on their ability to apply for a licence, but which might also call into question their ability to maintain accurate records, as required by the legislation

Many of these issues are about practices and local processes, rather than the efficacy of the legislation itself. The Home Office will give further consideration to how best to take forward these issues to encourage best practice.

## 4. Conclusion

### ***Should the Scrap Metal Dealers Act 2013 be retained?***

The Home Office is satisfied that the Scrap Metal Dealers Act 2013 provides a strong legislative foundation for addressing metal theft by removing the opportunities for criminals to dispose of stolen metal through scrap metal sites.

The Home Office publication: *An evaluation of government/law enforcement interventions aimed at reducing metal theft*, showed that a number of specific interventions had made a significant contribution to reductions in levels of metal theft. Alongside this, data collected from police forces since April 2012 has shown a continuing downward trend, from 62,997 offences in 2012/13 to 12,970 offences in 2016/17.

The overwhelming view of those who responded was that the Scrap Metal Dealers Act had improved regulation of the scrap metal industry and, by doing so, had helped to achieve reductions in the level of metal theft. The overwhelming view was that the Act should continue in force. The Government agrees with this view.

### ***The broader context***

A number of respondents made the point that the reductions in the scale of metal theft offences over recent years have occurred at a time when global metal prices have fallen, which will have had the effect of reducing the attractiveness of metal to thieves. They point out that the effectiveness of the regime created by the Act will be more fully tested as the price and value of metals increases. It is against this background that some have argued for further legislation and regulation to help withstand the impact of rises in metal prices and the potential for this to drive further criminality.

Many respondents also pointed to the importance of continuing enforcement activity by both local authorities and the police to ensure that scrap metal dealers continue to abide by the requirements of the Act. It was suggested that without continued and visible enforcement activity, the regulatory regime introduced by the Act may fall into disrepute, leading to the potential for increased breaches of the law. A number of respondents, while supporting continuation of the Act, argued at the same time for the legislation to be strengthened to address this risk.

### ***The impact of metal theft***

Despite the significant reductions in levels of metal theft over recent years, the Government recognises the serious impact that these crimes continue to have on victims and the wider community. This is, perhaps, especially so in the context of thefts affecting the nation's heritage assets, including the theft of lead from church roofs and other thefts from buildings and sites of community and heritage value. The Home Office is keen to do further work with interested bodies to understand the nature and scale of these crimes and how best to respond to them, and to prevent them from happening in the first place.

## ***Moving forward on metal theft***

This review has focused on the question whether the Scrap Metal Dealers Act 2013 should be retained or repealed. The Home Office does, however, recognise the broad range of concerns expressed by many of those who contributed to the review. The Home Office is keen to continue working with partners to identify what more can be done to prevent metal theft and related crimes. Set out below are some of the issues that the Home Office is keen to continue to work with others on:

- **tackling heritage crime:** the Government recognises the disproportionate impact that the theft of heritage assets can have on victims and the community. This includes heritage metal, but can also include thefts involving other materials. A number of specific recommendations were made by those who contributed to this review about what more might be done to identify where such crimes take place, how best to respond to them, and what more might be done to prevent these crimes from taking place. The Home Office will bring together those who wrote about these crimes to explore these recommendations further;
- **extending the legislation:** a number of respondents made specific suggestions for further legislation to help prevent metal theft. These included:
  - proposals to create a new offence of selling scrap metal to a dealer for cash alongside the existing offence of buying for cash;
  - suggested changes to the definition of scrap metal included in the 2013 Act;
  - proposals to include specific references to heritage metal and heritage assets in the legislation;
  - increased penalties for those who break the law;
  - further restrictions on the methods of payment for scrap metal;
  - a suggested move to personal licences.

While the Government cannot commit to further legislation in this area at the present time, the Home Office is keen to work with those who advocate this, to identify whether there is more to be done within the existing legislation to address some or all of these issues;

- **motor salvage:** some respondents suggested that the Act is having a disproportionate impact on motor salvage operators, who may be classified as scrap metal dealers for the purposes of the 2013 Act. The Home Office will work with those who wrote about these issues to better understand the concerns they have and what can be done about them;
- **enforcement:** many of those who contributed to the review made the point that the regulatory regime introduced by the 2013 Act is only as good as the enforcement regime that supports it. It was said that instances of metal theft were becoming increasingly coordinated and organised requiring police forces to work collaboratively across force boundaries. These are, of course,

operational matters for both the police and local authorities and it is recognised that the 2013 Act is one of many priorities that they face. Nevertheless, the Home Office will continue to work with the police and local authorities, including through the police-led National Metal Theft Working Group, to encourage effective and proportionate enforcement.

The further activity committed to above will ensure that there continues to be effective and proportionate regulation of the scrap metal industry, whilst providing opportunities to keep the response to metal theft under review. The Home Office looks forward to working with others to continue to drive down these crimes across England and Wales.