

Scrap Metal Dealers Act 2013

Lead department	Home Office
Summary of measure	<p>The Scrap Metal Dealers Act 2013 was introduced to reduce metal theft by strengthening regulation of the scrap metal industry, making it more difficult for unscrupulous dealers to trade in stolen metal. It also served to integrate better with separate environmental regulations to ensure closer intelligence sharing and enforcement activity.</p> <p>The regulations required scrap metal dealers to have a licence to trade, verify the name and address of the supplier of scrap metal, and keep records of scrap metal received and disposed of.</p> <p>A prior review was published in 2017 but contained little economic analysis and was not submitted for RPC scrutiny. The Home Office later agreed with BRE and RPC to fill the evidence gaps in that document with further analysis, presented in this new version.</p>
Submission type	Post-implementation review (PIR)
Implementation date	1 st October 2013
Department recommendation	Keep
RPC reference	RPC-HO-5148(1)
Opinion type	Formal
Date of issue	24 February 2022

RPC opinion

Rating¹	RPC opinion
Fit for purpose	<p>The RPC considers the PIR to be fit for purpose and proportionate to the scale of the policy's impacts. It uses limited, but appropriate, data and evidence from different sources to show that the objectives of the policy have been met and the benefits have most likely exceeded the costs.</p>

¹ The RPC opinion rating is based on whether the evidence in the PIR is sufficiently robust to support the departmental recommendation, as set out in the [better regulation framework](#). The RPC rating will be fit for purpose or not fit for purpose.

RPC summary

Category	Quality	RPC comments
Recommendation	Green	The PIR recommends that the regulations are kept in place. This recommendation is supported with proportionate evidence and analysis.
Monitoring and implementation	Satisfactory	This PIR combines data from the original impact assessments and police-recorded crime statistics since the measures came into force in 2013. As the equivalent data was not collected before the act was introduced, it was not possible to produce a comparative analysis to show the impact of the policy. However, this should be noted as a lesson for future policies so that more robust evaluations can be performed going forward.
Evaluation	Weak	<p>The analysis in the PIR concludes reasonably that the policy objective has been achieved most likely due to the intervention.</p> <p>The PIR would benefit greatly from considering the actual impacts the regulation has had on small and micro businesses, whether or not they were disproportionate, and hence whether any new mitigations might be considered.</p> <p>The PIR should also provide more information on the reasons why some consultees believed the Act should be repealed and their responses should be put into context alongside the true number of stakeholders impacted, how many were consulted and how many responded in total.</p>

Summary of proposal

The Scrap Metal Dealers Act 2013 was introduced to reduce metal theft by strengthening regulation of the scrap metal industry, making it more difficult for unscrupulous dealers to trade in stolen metal and to integrate better with separate environmental regulations to ensure closer intelligence sharing and enforcement activity.

Prior to the introduction of the Act, stolen metal was able to enter quickly and pass through a pyramid structure in the scrap metal industry, by moving from dealer to dealer until it reached a small number of operators who were equipped to process and refine the metal for other purposes or export.

The regulations require scrap metal dealers to have a licence to trade, verify the name and address of the supplier of scrap metal, and keep records of scrap metal received and disposed of.

Recommendation

A prior review² was published in 2017, for which the Home Office consulted with over 50 sector stakeholders, but contained little economic analysis and was not submitted for RPC scrutiny. The Home Office later agreed with the Better Regulation Executive (BRE) and RPC to fill the evidence gaps in that document with further analysis, presented in this new version.

The new PIR recommends that the regulations are kept in place. This recommendation is now supported with proportionate evidence and analysis as outlined below.

Monitoring and implementation

This PIR combines the previous findings along with data from the original impact assessments and police-recorded crime statistics since the measures came into force in 2013. As the equivalent data was not collected before the act was introduced, it was not possible to produce a comparative analysis to show the impact of the policy. However, this should be noted as a lesson for future policies so that more robust evaluations can be performed going forward.

Nevertheless, the PIR makes good use of the data available to clearly present downward trends in metal theft since the Act was introduced.

Evaluation

Achievement of policy objective

The analysis in the PIR concludes reasonably that the policy objective has been achieved probably due to the intervention. This includes a geographical breakdown to show that the policy objective has been met throughout the country and not just concentrated in one area (Figure 2). It also compares the time series of different

² <https://www.gov.uk/government/publications/review-of-the-scrap-metal-dealers-act-2013>

crimes to show that the decrease in metal theft is not merely part of a general reduction in crime overall (Figure 3). However, the PIR does state that regression analysis would be needed to rule out other factors and it may benefit from including this to make the conclusions more robust, or otherwise explaining why it is not possible.

Research and consultation

The PIR includes findings from different sources, including a stakeholder consultation from 2017. It states that *“the large majority of those who responded said the 2013 Act should be retained”* and *“only three respondents said the 2013 Act should be repealed”*. The PIR should provide more information on the reasons why some respondents believed the Act should be repealed and the responses should be put into context alongside the true number of stakeholders impacted, how many were consulted and how many responded in total.

The PIR also cites a study on two previous interventions; the first was Operation Tornado, an initiative that placed a requirement on scrap metal dealers to request ID from any seller and retain it for a year; the second was a ban on cash payments in scrap metal dealings; both preceded the 2013 Act’s implementation but were similar in scope. The study showed *“a large, statistically significant effect for the interventions even when controlling for metal prices and other factors driving acquisitive crime.”*

A second study, covering the 2013 Act alongside Operation Tornado, showed that *“prices, policing and policy all played a significant role in shaping the boom and bust of metal crime.”*

The RPC considers these studies, when presented alongside the trends in crime data, offer additional evidence to support the conclusion that the regulatory requirements were a factor in reducing metal theft.

Cost-benefit analysis

The PIR discusses the cost-benefit analysis from the original impact assessment, which projected a net cost of £411 million and concluded that preventing 19,000 metal thefts a year for ten years would provide the equivalent benefits (in 2013 prices). Following the introduction of the new rules, the average annual number of reported metal thefts fell from 90,000 to 26,200, producing a benefit of £775 million and a net present social value of £364 million in the telecoms and utilities sectors alone. This appears to illustrate the benefits greatly outweigh the costs and therefore justifies the original intervention.

However, while the PIR focuses on the reduction in theft as the main benefit of the policy, it should also consider the validity of the original cost assumption e.g. the £31.1 million annual cost of compliance to business and how this affects the NPV.

Small and micro business assessment

The prior impact assessments for this policy had indicated that the regulations were not likely to have a disproportionate impact on small and micro businesses. The PIR would benefit greatly from considering the actual impacts the regulation has had on small and micro businesses, whether or not they were disproportionate, and hence whether any new mitigations might be considered.

Unintended effects

The PIR acknowledges there have been unintentional negative impacts on people with protected characteristics but states that the Government will continue to work with stakeholders to mitigate these, including encouraging local authorities to meet their Public Sector Equality Duty to put appropriate measures in place. The PIR would benefit from further evidence showing to what extent any negative impacts have arisen before further work begins.

Evidence from the consultation also suggests that, to some extent, metal thefts may have evolved into fewer but larger crimes. Ongoing monitoring and evaluation of the policy, including more complete data from police forces, could build upon this evidence for future evaluations, particularly as the detailed review was delayed much longer than expected. The PIR may also benefit from considering any indirect impacts of the Covid-19 pandemic on the transfer of scrap metal crime to other types of harm and should state whether and when any further formal reviews will take place as the scrap metal market continues to evolve.

Regulatory Policy Committee

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