



Home Office

APPENDIX 2

The Legislative Response to Metal Theft

Richard Pugh – Crime Directorate, Home Office
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The Problem – the theft of metal



Why the interest in scrap metal dealers?

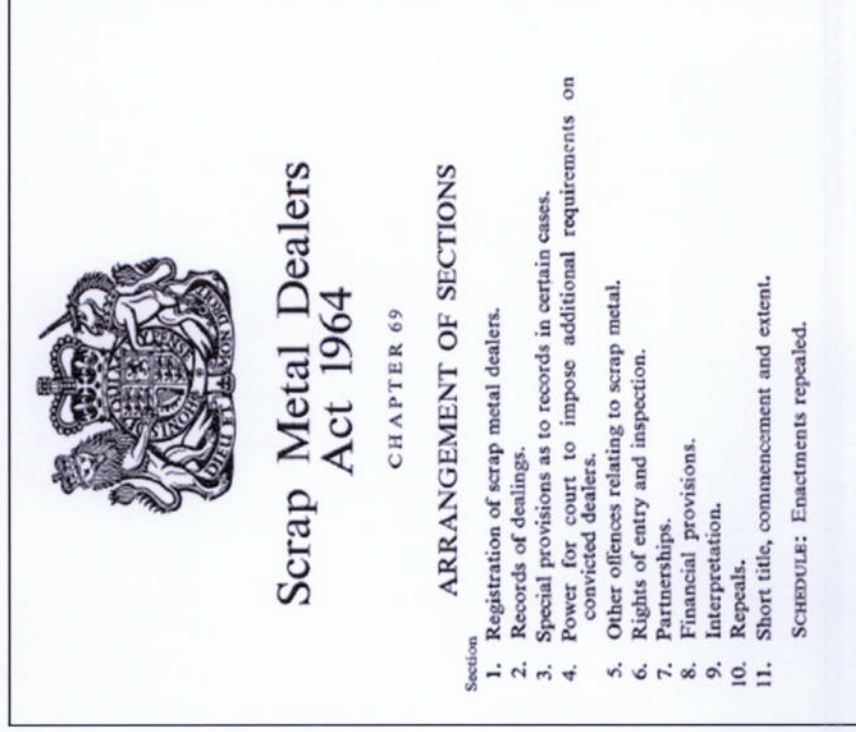
- The scrap metal industry offers the principal outlet for stolen metal in the UK (ACPO).



Existing regulation of the scrap metal sector – the Scrap Metal Dealers Act 1964

- Parliament regulated (for the first time nationally) scrap metal dealers.

This Act is still in place today!



The Scrap Metal Dealers Act 1964

- Local authority administered regime
- Has three requirements:
 1. Section 1 – that scrap metal dealers must register with their local authority every 3 years
 2. Section 2 – every scrap metal dealer must keep a book recording all metal received, processed and despatched
 3. Section 5 – no scrap metal dealer can acquire any scrap metal from a person “apparently” under the age of 16

The prohibition of cash

- A fourth requirement was added to the 1964 Act by the Legal Aid, Sentencing and Punishment of Offenders Act 2012.
- From 3 December 2012 a scrap metal dealer must not pay for scrap metal except by:
 - (i) non-transferable cheque, or
 - (ii) by an electronic transfer of funds (authorised by credit or debit card).

Who does this offence apply to?

- Businesses who purchase scrap metal including:
 - Any business that principally operates as a scrap metal dealer (whether or not they are registered under the SMDA 1964)
 - Metal “itinerant” collectors – (collectors who hold an Order under s3(1) of the SMDA 1964 are exempted)
 - Motor salvage operators - unless they are purchasing non-vehicle scrap metal, in which case they should be considered a scrap metal dealer

Acceptable payment methods - cheques

1) Crossed-cheques

- Must be to a verified named person
- A copy of the cheque must be recorded
- No time limits when cheques can be cashed
- Can be cashed by any third party – including by scrap metal dealers acting as an agent.
 - but any business wishing to cash cheques must be registered with HMRC as a “Money Service Business” and comply with the Money Laundering Regulations 2007

Acceptable payment methods – electronic transfer

2) Electronic transfer

- Must be via a method that is transparent and traceable
- The transfer must be to a named account
- A receipt must be produced and kept
- Some re-loadable cards are acceptable, providing they are issued and linked to a named person.

Legal Aid, Sentencing and Punishment of Offenders Act 2012

- In addition to creating the new cash criminal offence, we were also able through the LASPO Act 2012 to:
 1. Increase the financial penalties by two levels for each of the offences in the SMDA 1964
 2. Revise police powers of entry into unregistered scrap metal sites
- The scope of the Bill did not allow us to do anymore.

The time for regulatory change



Scrap Metal Dealers Act 2013

CHAPTER 9

*Explanatory Notes have been produced to assist in the
understanding of this Act and are available separately*



Home Office

The Scrap Metal Dealers Act 2013

- Home Office handout bill
- Adopted by Richard Ottaway MP
- Received Royal Assent on 28 February having passed both the Commons and the Lords
- The Home Office will lead on commencing the Act
- Anticipated commencement on 1 October 2013
- Will cover England and Wales only.
- Will be statutorily reviewed within 5 years

The Scrap Metal Dealers Act 2013 – licences created

- The Act creates two different licences:
 - (1) **SITE** - in the local authority area in which the site(s) is located
(a licence can cover multiple sites if operated by the same company)
 - (2) **COLLECTOR** - in the local authority area in which the collector wishes to collect from
(note - collectors will need a separate licence from each local authority in whose area they collect in)

The Scrap Metal Dealers Act 2013 – Key Features

- Will create a local authority administered, robust licensing regime for the scrap metal sector
- Suitability test
- Revocation of licence
- Closure powers for unlicensed sites
- Licence fee – determined by each LA locally
- Entry and inspection powers
- Greater record keeping requirements
- Site and vehicle badging
- National register of licensed dealers



The new regime

- The following will be included – extended scope from the 1964 Act:
 - scrap metal dealers;
 - mobile collectors (who do not have a site);
 - motor salvage operators; and
 - all other businesses who buy or sell scrap metal “in the course of their business” - this does not include businesses who buy or sell scrap as the occasional result of their primary business (e.g. pawnbrokers)

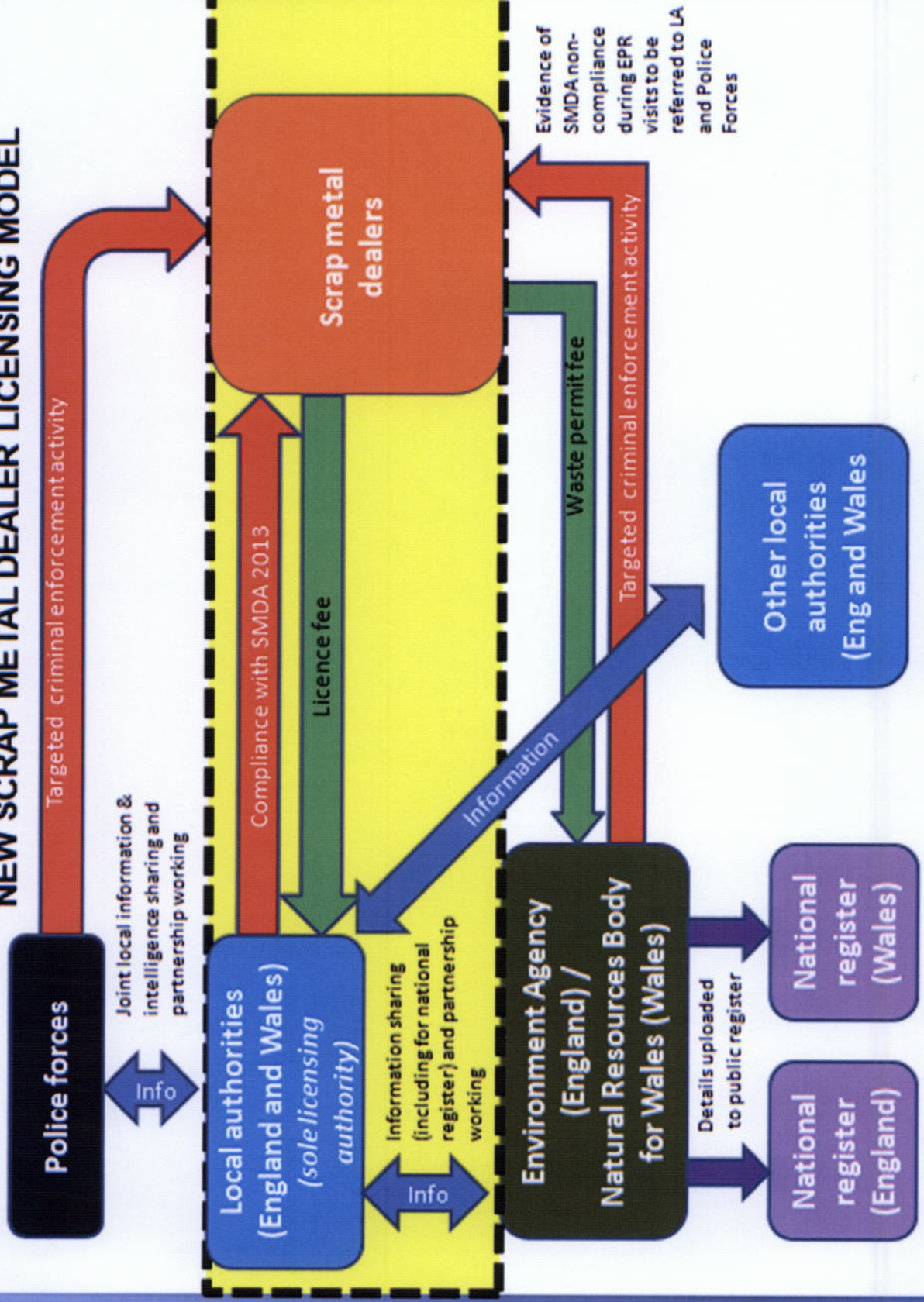
What is scrap metal?

- The definition of scrap metal has been amended by the Act.
- “Un-worked” metal: “old, waste or discarded”
- “Worked” metal: “broken, worn out or regarded by its last holder as having reached the end of its useful life” .
- Includes all metals with the exception of gold and silver
- BUT – “scrap” does not mean “second hand”

Licence conditions for scrap metal dealers

- Scrap metal dealers must:
 - obtain a licence (either a site or a collector's licence) to operate as a scrap metal dealer
 - prominently display their licence in a publically accessible place;
 - verify and record the identification of the person selling the metal;
 - not purchase metal for cash; and
 - keep records of all metals received and disposed of.

NEW SCRAP METAL DEALER LICENSING MODEL



- For more information –

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