



Home Office

Scrap Metal Dealers Act 2013

Supplementary guidance

Last updated: January 2023

Revisions to the guidance

Date	Revision
11 December 2013	Wording of section 5.4 regarding a collector's licence.
January 2023	<ul style="list-style-type: none"> • Removed information about transitional arrangements when the Scrap Metal Dealers Act was introduced in 2013. • Some re-ordering of the document, for example to move the definition of scrap metal to the beginning of the document. • Clarified the definition of scrap metal regarding catalytic converters and heritage metal in paragraphs 1.3 and 9.8. Paragraph 1.4 added. • Clarified that for some businesses the volume of scrap metal may be relatively small, but the value of it may represent a significant part of the business' income, in paragraph 2.3. • Added that scrap metal dealers may wish to undergo training from the National Infrastructure Crime Reduction Partnership, paragraphs 2.5 and 4.4. Paragraph 4.4 also states that the licensing authority may take training into account when considering whether an applicant is a suitable person to hold a licence. • Clarified the requirements for motor salvage operators in paragraphs 2.7. • Amended paragraph 3.6 regarding producers of ferrous and non-ferrous metals to accurately reflect the legal position. • Clarified the requirements for vehicle collection companies in paragraph 3.12. • Added detail about the information that has to be provided with an application at paragraph 4.5 onwards. • Explained changes made by the Finance Act 2021 regarding tax checks to be undertaken as part of an application, at paragraphs 4.6 – 4.8. • Added that if the dealer is uncertain about the provenance of an item it is good practice for the dealer to delay payment in order to verify this, at paragraph 9.9. • Added a new section 13 on closure notices and orders, and the right to enter and inspect premises. • Added a paragraph about the review of the Act undertaken in 2017, at section 14.

Introduction

The purpose of this document is to provide guidance on commonly raised issues in relation to the Scrap Metal Dealers Act 2013 which can be found using the following link:

<http://www.legislation.gov.uk/ukpga/2013/10/enacted>

This guidance document represents the Home Office's interpretation of the Scrap Metal Dealers' Act 2013 at the point that it is published. However, ultimately, it will be for the courts to interpret the meaning of the legislation, and their construction will be binding.

Useful documents

Scrap Metal Dealers Act 2013 Licence fee charges:

<https://www.gov.uk/government/publications/scrap-metal-dealer-act-2013-licence-fee-charges>

The Scrap Metal Dealers Act 2013 (Prescribed Relevant Offences and Relevant Enforcement Action) Regulations 2013: <http://www.legislation.gov.uk/uksi/2013/2258/made>.

The Scrap Metal Dealers Act (Prescribed documents and information for verification of name and address) Regulations 2013: <http://www.legislation.gov.uk/uksi/2013/2276/contents/made>.

The Scrap Metal Dealers Act 2013: Determining suitability to hold a scrap metal dealer's licence (statutory guidance for local authorities in England and Wales):

<https://www.gov.uk/government/publications/determining-suitability-to-hold-a-scrap-metaldealers-licence>

Local authorities may wish to visit the Local Government Association's Knowledge Hub (<https://khub.net/lga>) and join the Tackling Metal Theft group which will provide access to the latest advice about the licensing regime.

Useful contacts

- British Metals Recycling Association
Tel: 01480 455249 admin@recyclemetals.org
<http://www.recyclemetals.org/>
- Vehicle Recyclers Association
Tel: 0330 4005380 info@vrauk.org
www.vrauk.org
- British Vehicle Salvage Federation
Tel: 01303 814325 email@bvsf.org.uk
<http://www.bvsf.org.uk/cms/>
- National Infrastructure Crime Reduction Partnership
info@nicrp.org
www.nicrp.org

1. Scrap metal

- 1.1 All scrap metal dealers previously registered under the Scrap Metal Dealers Act 1964 or Vehicles (Crime) Act 2001 must now hold a licence issued under the Scrap Metal Dealers Act 2013 in order to trade legally.
- 1.2 Section 21(6) of the Scrap Metal Dealers Act 2013 ('the Act') provides 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. However, gold, silver, and any alloy of which 2 per cent or more by weight is attributable to gold or silver are not scrap metal, as per section 21(7) of the Act.
- 1.3 When considering whether a metal item is deemed to be scrap metal, it is important to note the definition in the Act focuses on the condition of the metal rather than the purpose of the sale. For example, a vehicle part such as a catalytic converter that is broken or has been removed from a vehicle in a destructive manner, or is otherwise unable to be reused without rework and/or the addition, removal or substitution of matching and/or corresponding parts, is likely to meet the definition of scrap metal regardless of whether it is being offered for sale as a spare part. A catalytic converter that has been removed from a vehicle by cutting rather than unbolting should be considered to be removed in a destructive manner. Likewise, heritage metal that has been stolen from a historic site is likely to meet the definition of scrap metal regardless of whether it is being offered for sale as a salvaged item. This applies where a metal item is sold to a dealer who processes or refurbishes the item and offers it for sale in a different form or condition (see paragraph 2.1 below).
- 1.4 Vehicle parts that are correctly dismantled from a vehicle for the purpose of being re-used are unlikely to be considered scrap metal under the Act. Once all re-usable parts are removed from the vehicle, the rest of the vehicle would be considered to have reached the end of its useful life and therefore meet the definition of scrap metal.

2. Scrap metal dealer licences

- 2.1 Section 1(1) of the Act states that *"No person may carry on business as a scrap metal dealer unless authorised by a licence under this Act (a "scrap metal licence")"*. Section 21(2) of the Act states that a person carries on business as a scrap metal dealer if a person *"(a) carries on a business which consists wholly or partly in buying or selling scrap metal, whether or not the metal is sold in the form in which it was bought, or (b) carries on business as a motor salvage operator (so far as that does not fall within paragraph (a))"*.
- 2.2 From 1 December 2013, a person must have a scrap metal dealer's licence in order to carry on business as a scrap metal dealer. It is an offence to carry on business as a scrap metal dealer without a licence and, if convicted, a person may receive a fine of an unlimited amount (level 5 on the standard scale).

- 2.3 It will be a question of fact for a court to decide whether, under all the circumstances, the buying or selling of scrap metal forms the whole or part of a person's business, or alternatively, whether the buying or selling of scrap metal forms such a minimal part of their overall business dealings that the definition of scrap metal dealer in the Act is not made out. There are many factors a court may consider in reaching its judgment, such as the proportion of the business related to scrap metal in terms of value or volume. For some businesses the volume of scrap metal may be relatively small, but the value of it may be such that it represents a significant part of the business' income.
- 2.4 An exemption is provided for manufacturers selling scrap only as a by-product or as surplus materials not required for manufacturing.
- 2.5 Scrap metal dealers should ensure they understand the legal obligations of holding a scrap metal dealer's licence, and may wish to undertake training to ensure they understand the requirements they must comply with under the Act. Training may be available from the licensing authority or the National Infrastructure Crime Reduction Partnership (see contact details on page 3). Additional guidance to assist in the identification of specialist metals, for example heritage metals, is available from Historic England at www.historicengland.org.uk.
- 2.6 Scrap metal dealer's licences are valid for three years and there are two types: a site licence or a mobile collector's licence (section 2(2) of the Act). A licence can be issued to an individual, a partnership or a company. A person may hold more than one licence if each is issued by a different licensing authority, but cannot hold more than one licence issued by any one authority.

A site licence

- 2.7 A site licence authorises the licence holder to carry on business at any site in the council's area which is identified in the licence (section 2(3) of the Act). A site licence holder can transport scrap metal from third party businesses by arrangement from any other local council area provided it is in the course of the business from that site. A site licence holder cannot regularly engage in collecting waste materials and old, broken, worn out or defaced articles by means of visits from door to door in the area they are licensed or elsewhere, as this would constitute carrying on a business as a mobile collector. It would be acceptable to collect by arrangement, for instance where a motor salvage operator is asked to transport a damaged vehicle from an address to their site. It is not possible to hold both a mobile collector's licence and a site licence from the same council (section 2(9) of the Act).
- 2.8 If a site licence holder uses self-employed mobile collectors to collect scrap metal which will be processed by the site, each collector would need a mobile collector's licence.

A collector's licence

- 2.9 A collector's licence authorises the licensee to carry on business as a mobile collector in the licensing council's area only (section 2(5)). A mobile collector is a person who "(a) carries on business as a scrap metal dealer otherwise than at a site, and (b) regularly engages, in the course of that business, in collecting waste materials and old, broken, worn out or defaced articles by means of visits from door to door (section 22(4)). A

person carries on business as a scrap metal dealer if a person “carries on a business which consists wholly or partly in buying **or** selling scrap metal...” (section 21(2)(a)).

- 2.10 A mobile collector's licence will cover any employees working for that business. If they are not employed directly by that mobile collector's business and are self-employed, they will need their own collector's licence even if they are collecting metal from the same van as a person who has a mobile collector's licence.
- 2.11 Mobile collectors and site licence holders need to ensure they comply with relevant environmental legislation and regulation when carrying out their business.

3. Who needs a scrap metal licence?

Motor salvage operators

- 3.1 Motor salvage operators need to hold a scrap metal dealer's licence. The Act repealed Part 1 of the Vehicles (Crime) Act 2001 which required motor salvage operators to register with the licensing authority.
- 3.2 Section 21(4) of the Act defines a motor salvage operator as a person who carries on business which consists (a) wholly or partly in recovering salvageable parts from motor vehicles for re-use or sale and then selling or otherwise disposing of the rest of the vehicle for scrap; (b) wholly or mainly in buying written-off vehicles and then repairing and reselling them; (c) wholly or mainly in buying or selling motor vehicles which are to be subject, either immediately or following resale, to any of the activities in paragraphs (a) or (b); or (d) wholly or mainly in activities falling within paragraphs (b) and (c). It will be a question of fact for a court to decide whether any of the above activities form the whole, the main part or a part of a person's business.
- 3.3 If a motor salvage operator's business partly consists of receiving salvageable or reusable vehicle parts without the purchase of a whole vehicle, they are still captured by the definition of a motor salvage operator if they meet any of the conditions in section 21(4) of the Act.
- 3.4 However, a motor salvage operator who buys and sells salvageable or reusable vehicle parts but never receives the remainder of a vehicle would not meet the definition of motor salvage operator under 21(4) of the Act.
- 3.5 A motor salvage operator who buys or sells unsalvageable or non-reusable vehicle parts without purchase of a whole vehicle will still require a scrap metal dealer's licence if they meet the definition of a scrap metal dealer under section 21(2)(a) of the Act (carrying on a business consisting wholly or partly of buying or selling scrap metal – see paragraph 2.1 above).

Producers of ferrous and non-ferrous metals

- 3.6 Producers of ferrous and non-ferrous metals purchase processed scrap metal as a raw material used in their manufacturing process. They must hold a scrap metal dealer's licence if their business meets the test for carrying on business as a scrap metal dealer under section 21 of the Act.

Agent, broker or trader

3.7 A person that buys or sells scrap metal on paper without actually operating a scrap metal site carries on business as a scrap metal dealer and will require a licence. This person will carry out their business as a scrap metal dealer from premises and will therefore need to hold a site licence, as a site is any “premises used in the course of carrying on business as a scrap metal dealer (whether or not metal is kept there)” (section 22(9) of the Act).

Skip Hire Company

3.8 Skip hire companies may need a scrap metal dealer’s licence. It will be a question of fact for a court to decide whether, under all the circumstances, the buying or selling of scrap metal forms the whole or part of the person’s business, or alternatively, whether the buying or selling of scrap metal forms such a minimal part of their overall business dealings that the definition of scrap metal dealer in the Act is not made out.

3.9 There are many factors a court may consider in reaching its judgment, such as the proportion of the business related to scrap metal in terms of value or volume. If a skip hire company places skips only at businesses or demolition sites to process and sell on the scrap metal this may be considered to be the whole or part of their business and therefore require a licence. However, a company that only rents skips to households where recoverable scrap metal forms a minor part of the skip contents and the company’s business may not require a licence.

Tradespersons

3.10 Tradespersons will not require a scrap metal dealer’s licence if buying or selling scrap metal is an incidental function of their business (e.g. being a plumber or electrician). It will be a question of fact for a court to decide whether, under all the circumstances, the buying or selling of scrap metal forms the whole or part of the person’s business, or alternatively, whether the buying or selling of scrap metal forms such a minimal part of their overall business dealings that the definition of scrap metal dealer in the Act is not made out.

Civic amenity sites

3.11 A civic amenity is a facility where the public can dispose of household waste and often contain recycling points. This is also known as a ‘household waste recycling centre’. Civic amenity sites, run by councils or contracted out to others, will not require a licence.

Vehicle collection companies

3.12 If a scrap metal dealer (who is a motor salvage operator) holds a site licence and sub-contracts a collection company to pick up cars on the scrap metal dealer’s behalf in the course of the business from that site, the collection company will not need a mobile collector’s licence solely on the basis of undertaking such work, as the collection company itself would not be carrying on business as a scrap metal dealer.

3.13 If the vehicle is to be scrapped, the collection company must verify the full name and address of the supplier on behalf of the site licence holder if the latter has made arrangements for such verification to be carried out by the collection company. Receipt of scrap metal by the scrap metal dealer without such verification is an offence and, if

convicted, the scrap metal dealer and the collection company (where it was responsible for carrying out the verification on behalf of the scrap metal dealer) may each receive a fine not exceeding £1,000 (level 3 on the standard scale). Where the scrap metal dealer makes arrangements for the verification to be carried out by the collection company, the scrap metal dealer will be responsible for taking all reasonable steps to ensure that the vehicle collection company complies with these requirements.

- 3.14 The collection company, acting on behalf of the scrap metal dealer, must not make payment for the vehicle in cash. If the payment method contravenes section 12 of the Act (which only permits payment by non-transferable cheque or by electronic transfer of funds), the collection company (where they made payment on behalf of the scrap metal dealer), as well as the scrap metal dealer subcontracting them, will have committed an offence. If convicted, they may each receive a fine of an unlimited amount (level 5 on the standard scale).

4. The application process

- 4.1 Scrap metal dealers can apply for a licence from the licensing authority – in this case the local council. It is a requirement under regulation 32 of the Provision of Services Regulations 2009 that applicants are able to complete applications online, therefore there should be no requirement for applications to be made in person. For further information, scrap metal dealers should contact their licensing council directly; the details can be found using <https://www.gov.uk/find-local-council>. Guidance is provided on how to complete the application form.

Licensing authority's duties

- 4.2 The licensing authority must not issue or renew a scrap metal licence unless it is satisfied that the applicant is a suitable person to carry on business as a scrap metal dealer (section 3 of the Act). In determining whether the applicant is a suitable person, the licensing authority may have regard to any information it considers to be relevant. This may include whether the applicant or site manager has been convicted of a relevant offence or been the subject of relevant enforcement action; any previous refusal of a licence application or renewal; any previous refusal of a relevant environmental permit; any previous revocation of a scrap metal licence and/or whether the applicant has demonstrated that there will be adequate procedures in place to ensure the provisions of the Act are complied with. The Act defines 'site manager' at section 3(3)(a) as an individual proposed to be named in the licence as a site manager.
- 4.3 Licensing authorities may consult others regarding the suitability of an applicant, including any other licensing authority, the Environment Agency, the Natural Resources Body for Wales, and the police. They must also have regard to the guidance issued by the Secretary of State on determining suitability – this can be found here: <https://www.gov.uk/government/publications/determining-suitability-to-hold-a-scrap-metal-dealers-licence>.
- 4.4 Applicants should ensure they understand the legal obligations of holding a scrap metal dealer's licence, and training may be available from the licensing authority or the National Infrastructure Crime Reduction Partnership (see contact details on page 3). The licensing

authority may take training into account when considering whether an applicant is a fit and suitable person to hold a licence, although the Act does not require a licence holder to undergo training and the licensing authority cannot impose a licensing condition on a dealer to undergo training. Applicants may also consider referring to guidance on identifying specialist materials, for example heritage metals (available from Historic England at www.historicengland.org.uk), and how they could work with the National Infrastructure Crime Reduction Partnership.

Applicant's duties

- 4.5 Applications for issuance or renewal of a licence must be accompanied by:
- the full name, date of birth and usual place of residence of the applicant (or each partner in the case of a partnership), or if the applicant is a company, the name and registered number of the company and the address of the company's registered office;
 - any proposed trading name;
 - the telephone number and e-mail address of the applicant, if any;
 - the address of any site in the area of any other licensing authority at which the applicant carries on business as a scrap metal dealer or proposes to do so;
 - details of any relevant environmental permit or registration, as listed at section 22(7) of the Act;
 - details of any other scrap metal licence issued to the applicant within the previous 3 years;
 - details of the bank account which is proposed to be used to comply with payment requirements under section 12 of the Act; and
 - details of any conviction of the applicant for a relevant offence, or any other relevant enforcement action taken against the applicant. These are set out in the Scrap Metal Dealers Act 2013 (Prescribed Relevant Offences and Relevant Enforcement Action) Regulations 2013.

If the application relates to a site licence then it must also be accompanied by:

- the address of each site proposed to be identified in the licence (or in the case of a renewal, each site identified in the licence which needs to be renewed);
- the full name, date of birth and usual place of residence of each individual proposed to be named in the licence as a site manager;
- details of any relevant environmental permit or registration in relation to each individual proposed to be named in the licence as a site manager;
- details of any other scrap metal licence issued, within the previous 3 years, to each individual proposed to be named in the licence as a site manager; and
- details of any conviction for a relevant offence of each individual proposed to be named in the licence as a site manager, or any other relevant enforcement action taken against each individual.

- 4.6 From 4 April 2022 applicants must complete a tax check to confirm they are registered for tax, before applying to renew a site licence or a mobile collector's licence. An individual, company or partnership must complete a tax check when:
- renewing a licence;

- applying for the same type of licence you previously held, that ceased to be valid less than a year ago;
 - applying for the same type of licence you already hold with another licensing authority (for example, a mobile collector's licence).
- 4.7 The applicant should go to gov.uk to complete the tax check [Complete a tax check for a taxi, private hire or scrap metal licence - GOV.UK \(www.gov.uk\)](http://www.gov.uk). On completing the tax check the applicant will be given a 9-character tax check code, which they need to supply to the licensing authority with their licence application. The licensing authority must not process the application without the tax check code.
- 4.8 Applicants who are applying for a licence for the first time, or who have already held a licence but that has not been valid for a year or more will not need to complete a tax check and should instead follow the 'confirm your tax responsibilities' guidance [Confirm your tax responsibilities when applying for a taxi, private hire or scrap metal licence - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
- 4.9 The licensee must make an application to the licensing authority that issued the licence for the variation of the licence in the event of any changes to the licensee's name and/or, if the licence is a site licence, the sites in the authority's area at which the licensee is authorised to carry on business, or the name of the site manager of any site. Failure to apply for such a variation is an offence, and if convicted, the licensee may receive a fine not exceeding £1,000 (level 3 on the standard scale). It is a defence to prove that all reasonable steps to avoid committing an offence were taken.
- 4.10 The licensing authority's power to vary the licence by amending the name of the licensee does not include the power to transfer the licence from one person to another; an application would need to be made for a new licence in this case.
- 4.11 Licensing authorities can request, at the time the application is made or later, that the applicant provide such further information as they deem relevant to considering the application. Failure to provide the information requested may result in the application being declined.
- 4.12 Making a materially false statement, knowingly or recklessly, in an application or in a response to a request by the licensing authority for further information is an offence and if convicted, the person may receive a fine of up to £1,000 (level 3 on the standard scale).

Disclosing convictions

- 4.13 The application form must provide details of any conviction of the applicant for a relevant offence (Schedule 1, Para 2(1)(j)). Relevant Offences are set out in the Schedule to The Scrap Metal Dealers Act 2013 (Prescribed Relevant Offences and Relevant Enforcement Action) Regulations 2013. The Regulations can be found using the following link: <http://www.legislation.gov.uk/ukxi/2013/2258/made>. To verify the information provided in the application form, licensing authorities request that applicants submit a Basic Disclosure Certificate for themselves and any person listed on the application form

including the site manager (if applying for a site licence), each partner if a partnership, and, if a company, for the director(s), shadow director and company secretary. The certificate will list unspent criminal convictions. If the certificate is not submitted, this may delay the consideration of the application.

- 4.14 When assessing the applicant, partnership or company's suitability to hold a scrap metal dealer's licence, the licensing authority will check each Basic Disclosure Certificate against the list of relevant offences.
- 4.15 Basic Disclosure Certificates can be applied for at www.apply-basic-criminal-record-check.service.gov.uk or the Disclosure and Barring Service (DBS) can be contacted on 03000 200 190 for information about other ways of applying. *Please note that the Disclosure and Barring Service will not be able to answer any questions about scrap metal dealer licensing.*
- 4.16 A certified copy¹ of the disclosure certificate will be sufficient to allow for the fact that many applicants will have businesses whose directors' suitability will need to be confirmed in several licensing areas. Licensing authorities should clearly set out who they consider to be an appropriate person to certify copies.
- 4.17 An applicant must not begin operating as a scrap metal dealer until their licence has been issued. Tacit consent should not apply in relation to scrap metal dealer licence applications as there is an overriding public interest in ensuring that the suitability of applicants is assessed before the licence is issued.
- 4.18 If the applicant or any site manager (if the application is for a site licence) has been convicted of a relevant offence, the licensing authority may include in the licence one or both of these conditions: (a) the scrap metal 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 is received for a specified period, not exceeding 72 hours, beginning with the time when it is received.

Renewals

- 4.19 Applications to renew a licence can be made before the licence expires, and the licence will continue in effect until:
 - a) the licence is renewed;
 - b) if the application is withdrawn, the end of the day on which the application is withdrawn;
 - c) if the licensing authority requested further information from the applicant to enable it to make a request under paragraph 3(2) of Schedule 33 to the Finance Act 2021, 28 days from the day of the request, or the day on which the licence expires if that is later; if the licensing authority continues to be prevented from considering the application by virtue of that provision, the end of that 28 day period or the day on which the licence expires if that is later; or

¹ Guidance on certifying a document is available at <https://www.gov.uk/certifying-a-document>

- d) if the application is refused, the day on which no appeal under paragraph 9 of Schedule 1 to the Act is possible in relation to the refusal or any such appeal is finally determined or withdrawn.

4.20 The renewed licence will expire in 3 years from the date it was renewed, or if renewed more than once, from the date it was last renewed.

5 Scrap metal dealer's licence fee

5.1 Each application for a scrap metal dealer's licence will need to be accompanied by a fee (Schedule 1, Para 6 (1)). The fee is set by each local council and is calculated on the basis of recovering certain costs of administering and ensuring compliance with the licensing scheme. The Home Office has issued guidance to local authorities on how to set scrap metal dealer licence fees which can be found at:

<https://www.gov.uk/government/publications/scrap-metal-dealer-act-2013-licence-feecharges>.

Applicants should contact their licensing authority for details of the fees in their area.

6 Refusal of a scrap metal dealer's licence

6.1 If a licensing authority proposes to refuse an application, it must give the applicant notice of the proposed decision. The applicant may make representations, or inform the licensing authority of the wish to do so, within the period specified in the notice (which must not be less than 14 days from the date the notice is given). Where the applicant wishes to make representations and has informed the licensing authority of this within the specified period, the licensing authority must allow the applicant a further reasonable period to make representation. If the licensing authority refuses the application, it must provide the applicant with a notice of the decision with reasons. The applicant has 21 days in which to appeal to a magistrate's court. The licensing authority will advise the applicant how to do this.

7 Displaying a licence

7.1 A site licence holder must display a copy of the licence in a publicly accessible prominent place at each site identified in the licence (section 10(1) and (2)). A scrap metal dealer who holds a mobile collector's licence must display a copy of the licence on any vehicle that is being used in the course of the dealer's business so as to be read easily by a person outside the vehicle (section 10(3) and (4)). Failure to display the licence in the manner set out above is an offence and if convicted, the licence holder may receive a fine of up to £1,000 (level 3 on the standard scale).

7.2 A site licence holder may wish to carry a copy of the relevant site licence in their vehicle so they are not mistaken for an unlicensed mobile collector. However, there is no legal requirement to do this.

- 7.3 If a mobile collector holds several scrap metal licences, they must ensure that the correct licence is displayed when collecting in the relevant licensing council area. Failure to do so is an offence.

8 Revocation of a scrap metal dealer's licence

- 8.1 Under section 4 of the Act, licences can be revoked by the licensing authority for the following reasons:
- it is satisfied that the licensee does not carry on business at any of the sites identified in the licence;
 - it is satisfied that a site manager named in the licence does not act as a site manager at any of the sites identified in the licence;
 - it is no longer satisfied that the licensee is a suitable person to carry on business as a scrap metal dealer.
- 8.2 If a licensing authority proposes to revoke a licence, it must give the licensee notice of the proposed decision. The licensee may make representations, or inform the licensing authority of the wish to do so, within the period specified in the notice (which must not be less than 14 days from the date on which the notice is given). Where the applicant wishes to make representations and has informed the licensing authority of this within the specified period, the licensing authority must allow the applicant a further reasonable period to make representation. If the licensing authority decides to revoke the licensee's licence, it must provide the licensee with a notice of the decision with reasons. The licensee has 21 days in which to appeal to a magistrate's court. The licensing authority will advise how to do this.

9 Offence of buying scrap metal for cash

- 9.1 Cash cannot be used by any scrap metal dealer to buy scrap metal. It is an offence to buy scrap metal for cash under section 12 of the Act and there are no exemptions. Only payment by a non-transferable cheque or an electronic transfer of funds will be acceptable. This will mean that the payment will be linked to a readily identifiable account, for both the payee and the payer.

Payment methods

Cheque payments

- 9.2 Cheque payments are acceptable within the cashless operating model but this is limited to non-transferable ("crossed cheques"), which are payable to a named individual(s) or firm and not made out to cash. The money will be paid to the intended beneficiary of the cheque.

Electronic transfers

- 9.3 The Act provides a clear focus on electronic transfers of money. This means that non-paper forms of payment such as direct debit, direct credits, BACS payments, faster payments, standing orders, credit transfers, on-line, phone and mobile banking are all acceptable forms of payment within the legislation. These methods of payment all

provide the required traceability with a record of the transaction from the payer's account to the payee's account.

- 9.4 Re-loadable Electronic-Money products which are issued to a named account (which verifies the customers identification) and undertakes full customer due diligence and "Know Your Customer" checks under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ('the Money Laundering Regulations') are permitted. If a scrap metal dealer is unclear whether an E-Money product undertakes full customer due diligence and "know your customer" checks, they are strongly advised to make payment by other means.
- 9.5 The payment methods listed above ensure compliance with the Act. The list is not, however, exhaustive. The electronic payments market is rapidly evolving with new products regularly entering the market.

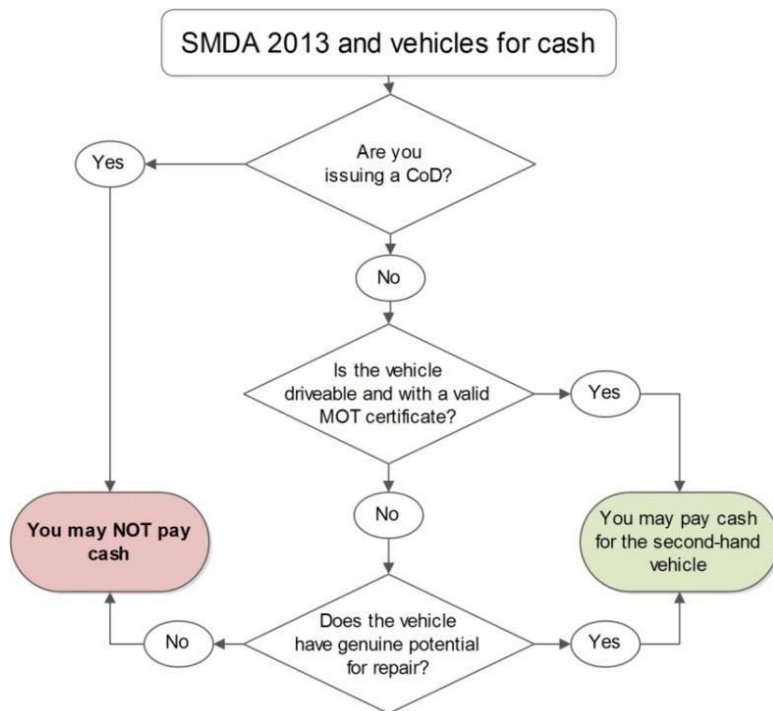
Unacceptable methods of payment

- 9.6 Payment instruments which do not come within the methods above (non-transferable cheque or electronic transfer), or near cash alternatives are not acceptable. This includes the use of postal orders, foreign currency, electronic vouchers, virtual currencies, mobile phone airtime credits, retailer or supermarket gift cards and vouchers. Single, non-reloadable pre-paid debit cards and reloadable debit cards which are anonymous in nature and require only simplified due diligence under the Money Laundering Regulations are unacceptable.

Buying vehicles for cash

- 9.7 Whether a vehicle will be considered to be scrap (and may not therefore be bought with cash) depends on all the circumstances of the case, and may not always be clear-cut. If a certificate of destruction is issued, the car is considered to be scrap and a buyer must not pay cash for it. If a certificate of destruction is not issued, then it will depend on a number of other factors. For example, it may be argued that a car with a valid MOT certificate and that is driveable without repair is not scrap (therefore, a buyer may pay cash for it) regardless of the way in which the vehicle is subsequently handled by the buyer.
- 9.8 It is not possible to set out a precise checklist that can in every case guarantee to predict the decision a court may make where illegal payment of cash for scrap metal is alleged. However, the flowchart below should assist in deciding whether it may be permissible to pay cash. Potential buyers should note that, if you elect to pay cash for an un-driveable vehicle that has no valid MOT certificate, you may have to justify your assessment of repairability to the police or in court. There needs to be a genuine potential for repair and re-sale in order for cash to be used. Cash cannot simply be paid for everything on the basis a buyer might repair and resell it if they have no facilities for repairing vehicles and no history of selling vehicles. Similar issues may arise for the purchase of other items such as vehicle parts and components, and appliances. For example, a catalytic converter that has been removed from a vehicle in a destructive manner, or has been removed from the vehicle by cutting, is likely to meet the definition of scrap metal regardless of whether it is being offered for sale as a spare part. This applies where a metal item is sold to a dealer who processes or refurbishes the item and offers it for sale in a different form or condition

- 9.9 Section 13(2)(a) requires the dealer to record any distinguishing features of the metal, and this would include a serial number or other information on a vehicle component, for example if the component has been subject to after-market property marking.



10 Record keeping requirements

- 10.1 Sections 13-15 of the Act require scrap metal dealers to keep records of metal received and disposed of as well as details of the person it was received from, documents used to verify the name and address of the supplier and the payment. Records must be recorded in a manner which allows the information and scrap metal to be easily identified by reference to each other (section 15(1)). Records must be kept for three years (section 15(3)).
- 10.2 The requirement to link recorded descriptions to the scrap metal to which they relate is intended to be proportionate and it may not be possible to go into the same level of detail for larger deliveries. If the scrap is for example, one washing machine, it would be sensible to say so rather than use a more generic term. The records should contain sufficient identification detail to ensure there is no intention to obscure the identity and type of metal being processed. Heritage metals in particular often have distinguishing features such as historic etching, graffiti, memorial inscriptions, or sculptural forms, names, dates of construction or repair, or other information such as modern security marks or markings. If the dealer is uncertain about the provenance of an item, for example if the person selling it cannot provide documentation confirming ownership or

purchase, it is good practice for the dealer to delay payment in order to verify the provenance of the item.

11 Scottish scrap metal dealers trading in England and Wales

Mobile collectors

11.1 A mobile collector who resides in Scotland but collects scrap metal in England or Wales will need to hold a licence for every licensing authority area in England and Wales where they collect scrap metal. The mobile collector will be subject to the licensing requirements and will need to comply with all the requirements in the Act.

Site licence holders

11.2 A scrap metal dealer who has a company that operates a site in Scotland will not require a scrap metal dealer's site licence under the Act. However, if that dealer travels to England or Wales to trade they will need to follow the requirements within the Act; that is: they will not be able to buy scrap metal for cash (section 12); will be required to verify the name and address of the supplier before receiving scrap metal (section 11) and will need to keep records of the metal received (section 13).

12 Verifying the name and address of the supplier

12.1 Scrap metal dealers must not receive scrap metal from a person without verifying their full name and address by reference to documents or other information which are set out in The Scrap Metal Dealers Act (Prescribed Documents and Information for Verification of Name and Address) Regulations 2013 at:

<http://www.legislation.gov.uk/ukxi/2013/2276/contents/made>.

12.2 A scrap metal dealer must keep a copy of any document used to verify the name and address of the supplier (section 13(3)). A scrap metal dealer can verify the name and address of repeat suppliers by referring to a copy of the document(s) retained in their records which were used to verify name and address before the first transaction.

12.3 In the course of collecting door to door, it may not be possible for a mobile collector to verify the name and address of the supplier if the waste materials and old, broken, worn out or defaced articles have been left on the roadside. However, a mobile collector must record the description of the metal, including its type (or types if mixed), form, condition, weight and any marks identifying previous owners or other distinguishing features (section 13(2)(a)) and the date and time of its receipt (section 13(2)(b)). If a mobile collector collects scrap metal from a person, they will need to verify the name and address of that person.

13 Right to enter and inspect sites

13.1 Section 16 of the Act provides police constables and licensing authority officers with a power to enter and inspect a licensed site at any reasonable time on notice to the site manager. They may also enter and inspect a licensed site at any reasonable time without notice to the site manager if (a) reasonable attempts to give notice have been made and failed, or (b) entry to the site is reasonably required for determining whether the Act is

being complied with or investigating offences under it, and in either case, giving notice would defeat that purpose. This power is not applicable to residential premises.

- 13.2 Officers are not entitled to use force to enter premises, though they can use reasonable force in the exercise of powers under a warrant issued under section 16(5) of the Act if necessary. A justice of the peace may issue a warrant under section 16(5) of the Act authorising entry to a licensed site or to premises that are not a licensed site where there are reasonable grounds for believing they are used by a scrap metal dealer in the course of business, if they are satisfied that there are reasonable grounds for believing entry is required to ensure compliance with the provisions of the Act or to ascertain if provisions are being complied with.
- 13.3 A constable or licensing authority officer can require any scrap metal kept at any licensed premises, or premises for which a warrant has been issued, to be produced for inspection. They can also require any records kept in accordance with sections 13 or 14 and any records relating to the payment for scrap metal to be produced for inspection. They may also take copies of, or extracts from, any of these records.
- 13.4 The obstruction of the exercise of the right of entry or inspection, and failure to produce a record required to be produced, is an offence and if convicted, the person may receive a fine of up to £1,000 (level 3 on the standard scale).
- 13.5 If the owner, occupier or other person in charge of the premises requires the officer to produce evidence of their identity or evidence of their authority to exercise the above powers, the officer must produce that evidence.

Closure notices and orders

- 13.6 A closure notice can be issued by a constable or the licensing authority if they are satisfied that the premises are not a licensed site but are being used by a scrap metal dealer in the course of business. The notice must be given to the person who appears to be the site manager and any person who appears to be a director, manager or other officer of the business. The notice may also be given to the owner, leaseholder or occupier of the premises. If anyone occupies another part of any building or structure of which the premises forms part, and the constable or the licensing authority reasonably believes the person's access to that other part would be impeded if a closure order were made, the notice must be given to that person as well. A closure notice can be cancelled by a cancellation notice issued by a constable or licensing authority, and takes effect when it is given to any one of the persons the closure notice was given to. The cancellation notice must also be given to any other person the closure notice was given to.
- 13.7 No less than 7 days after the closure notice was given, and no more than 6 months after that date, the constable or the licensing authority may make a complaint to a justice of the peace for a closure order. The justice may issue a summons to answer to the complaint, which must be given to any person who was given the closure notice, and notice of the date, time and place at which the complaint will be heard must be sent to all those who received a closure notice. The procedure for the hearing (the complaint procedure) is in accordance with the Magistrates' Court Act 1980 and the Magistrates'

Courts Rules 1981. The Court Rules can be found here:

<https://www.gov.uk/guidance/other-procedure-rules-for-magistrates-courts-and-the-crown-court-with-statutory-instruments>

- 13.8 If on hearing the complaint the court is satisfied the closure notice was given and that the premises continue to be used by a scrap metal dealer in the course of business or there is reasonable likelihood it will be so used in the future, then the court may make a closure order. A closure order may require the premises to be closed immediately to the public and remain closed until a constable or the licensing authority makes a certificate that the need for the order has ceased (see paragraph 13.10 below). An order including such a requirement may include any conditions the court considers appropriate relating to the closure of the premises to the public, admission of persons onto the premises and the access by persons to another part of any building or other structure of which the premises forms part. As soon as practicable after the order is made, the complainant must fix a copy of it in a conspicuous position on the premises.
- 13.9 Permitting the premises to be open in contravention of a closure order, or otherwise failing to comply with or acting in contravention of a closure order, without reasonable excuse, is an offence. A constable or a person authorised by the licensing authority may enter the premises and do anything reasonably necessary to ensure compliance with the order, using reasonable force if necessary. The intentional obstruction of a constable or authorised person in the exercise of these powers is an offence. If convicted of either of these offences, the person may receive a fine of an unlimited amount (level 5 on the standard scale).
- 13.10 Closure orders can be terminated by a certificate made by a constable or licensing authority where they are satisfied that the order is no longer needed. The closure order ceases to have effect when the certificate is made. Copies of the certificate must be given to any person who the closure order was made against and the designated officer for the court which made the order, and a copy of it must be fixed in a conspicuous position on the premises in respect of which the order was made, as soon as practicable. Copies must also be given to any person who requests one.
- 13.11 Any person who was given the closure notice, or the owner, leaseholder or occupier of the premises if they were not given a closure notice, can make a complaint to a justice of the peace for an order to discharge the closure order. The court must be satisfied there is no longer a need for the closure order in order to make a discharge order.
- 13.12 Appeals can be made to the Crown Court within 21 days of the order or decision being made; appeals can be against a closure order, a decision to not make a closure order, a discharge order, or a decision to not make a discharge order. An appeal against a closure order or a decision not to make a discharge order may be made by any person who was given the closure notice or the owner, leaseholder or occupier of the premises if they were not given a closure notice. An appeal against a decision not to make a closure order or a discharge order may be made by a constable or the licensing authority.

14 Review of the Act

- 14.1 In line with the requirements of section 18 of the Act, the Home Office carried out a review of the measures within the Act in December 2017. The review found the Act had been effective in addressing metal theft and should be retained. A copy of the review can be found here: <https://www.gov.uk/government/publications/review-of-the-scrap-metal-dealers-act-2013>.

