

**Scrap Metal Dealers
Scrap Metal Dealers Act 2013
Guidance Notes**

The Scrap Metal Dealers Act 2013 (“the Act”) repeals the Scrap Metal Dealers Act 1964 (and linked legislation) and Part 1 of Vehicles (Crime) Act 2001, creating a revised regulatory regime for the scrap metal recycling and vehicle dismantling industries.

The Act incorporates the separate regulatory scheme for motor salvage operators into this new regime. This is to replace the previously overlapping regimes for the vehicle salvage and scrap metal industries with a single regulatory scheme.

1. Do I need a Licence to carry on as a scrap metal dealer?

Yes. A person cannot carry on business as a scrap metal dealer unless authorised by a Licence issued under the Act.

A person who carries on business as a scrap metal dealer in breach of this is guilty of an offence and is liable on summary conviction to a fine not exceeding level 5 (currently £5000) on the standard scale.

2. What is the meaning of “carrying on a business as a scrap metal dealer”?

A person carries on business as a scrap metal dealer if they:

(a) Carry 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) Carry on business as a motor salvage operator (so far as that does not fall within paragraph (a)).

For the purposes of (a), a person who manufactures articles is not regarded as selling scrap metal if that person sells scrap metal only as a by-product of manufacturing articles or as surplus materials not required for manufacturing them.

For the purposes of (b), a person carries on business as a motor salvage operator if the person carries on a business which consists:

(a) Wholly or partly in recovering salvageable parts from motor vehicles for re-use or sale and subsequently selling or otherwise disposing of the rest of the vehicle for scrap,

(b) Wholly or mainly in buying written-off vehicles and subsequently repairing and reselling them,

(c) Wholly or mainly in buying or selling motor vehicles which are to be the subject (whether immediately or on a subsequent re-sale) of any of the activities mentioned in paragraphs (a) and (b), or

(d) Wholly or mainly in activities falling within paragraphs (b) and (c).

A “scrap metal dealer” is a person who carries on the business as a scrap metal dealer, whether or not authorised by a licence.

3. What is the definition of scrap metal?

“Scrap metal” includes:

(a) Any old, waste or discarded metal or metallic material, and

(b) 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.

But the following are not to be regarded as scrap metal:

- (a) Gold,
- (b) Silver, and
- (c) Any alloy of which 2 per cent or more by weight is attributable to gold or silver.

4. Are there different types of Licence available?

Yes. There are two types of Licence, one for a site and the other for a mobile collector (for those carrying on business otherwise than at a site).

A Site Licence which lets you buy and sell scrap metal from a fixed location within the council area. Each site will have a nominated Site Manager included on the Licence.

A Collector's Licence which allows you to travel within the council area to collect scrap metal. You may not take this metal back to a site that you run within the council area in order to sell it.

Although you can hold more than one licence issued by separate Authorities you may only hold one licence issued by the same Authority.

5. What do I have to submit with my application form and will I be granted a licence?

A local 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. This determination relates to an individual, a partnership or a company.

In determining whether a company is a suitable person to carry on business as a scrap metal dealer, a local authority is to have regard, in particular, to whether any of the following is a suitable person—

- (a) any director of the company;
- (b) any secretary of the company;
- (c) any shadow director of the company (that is to say, any person in accordance with whose directions or instructions the directors of the company are accustomed to act).

In determining whether a partnership is a suitable person to carry on business as a scrap metal dealer, a local authority is to have regard, in particular, to whether each of the partners is a suitable person.

In order to make a determination this Authority will require a Basic Disclosure Certificate, available via www.disclosurescotland.co.uk/apply/individuals. A certificate will need to be no more than 3 months old at the time of application. Refusing to provide a basic disclosure certificate would be grounds under paragraph 4(2) of schedule 1 of The Act for the Council to decline to proceed with the application.

The Authority shall also consult with Northumbria Police or any other relevant Police Force; The Environment Agency; Natural Resources Wales or any other Local Authority. The Authority may take into consideration any information received from these sources it considers to be relevant,

6. Is there a fee payable for a Licence?

Yes. The fee will allow local authorities to recover the costs stemming from administering and seeking compliance with the regime. The proposed fees are detailed below and must accompany the application:

Site licence - £332

Collector's licence - £157

Variation of licence - £88

Change of Personal Details - £30

7. What happens if the council proposes to refuse my Licence?

We will notify you that we are proposing to refuse your application. We will give you 21 days in which to make representations against this; should you wish to make oral representations then we will arrange for the a meeting to convene to hear these.

Should the delegated officers formally refuse your Licence you may then appeal to the Magistrates Court, within 21 days.

8. Once granted how long does the Licence last for?

3 years and then lapses; the dealer must renew the Licence.

9. What happens if circumstances change once I've been granted a Licence?

Under the Act you are required to notify us of any changes which would materially affect the accuracy of the information you provided to us in the making of your original application, this has to be within 28 days of the changes occurring. You can therefore apply to vary your Licence (there will be a fee charged for this).

The options for variation are as follows:

1. Change of licensee's details (name or address).
2. Changes to the sites licensed (adding, removing or changing details).
3. Change of Site Managers.

Should you cease to carry on the business of a scrap metal dealer you must also inform us of that fact within 28 days.

10. Do I need to display my Licence?

Yes. If you have a Site Licence you must ensure that a copy is displayed at each site identified in the Licence in a prominent place in an area accessible to the public.

If you have a Collector's Licence you must ensure that a copy is displayed on any vehicle that is being used in the course of your business in a manner which enables it to be easily read by a person outside the vehicle.

11. Can I pay cash for scrap?

No. It is an offence under the Act to pay cash for scrap metal.

You can only pay via the below methods:

- (a) By a cheque which under section 81A of the Bills of Exchange Act 1882 is not transferable, or
- (b) By an electronic transfer of funds (authorised by credit or debit card or otherwise).

In this section, paying includes paying in kind (with goods or services).

12. Do I need to check the identification of a person supplying scrap metal?

A scrap metal dealer must not receive scrap metal from a person without verifying the person's full name and address. The following are the prescribed documents and information you must refer to.

In order to verify a person's name and address, it will be sufficient for the scrap metal dealer to refer to either:

- (a) a document listed in paragraph (2) which bears the person's full name, photograph and residential address;
- or

- (b) both of— a document listed in paragraph (2) which bears the person's full name, photograph and date of birth, and a supporting document listed in paragraph (3) which bears the person's full name and residential address.

(2) *The documents which apply for the purposes of regulation 2(1)(a) or (b)(i) are as follows:*

a valid United Kingdom passport, within the meaning of section 33(1) of the Immigration Act 1971(2); or a valid passport issued by an EEA state; or a valid Great Britain or Northern Ireland photo-card driving licence; or a valid UK biometric immigration document, issued in accordance with regulations made under section 5 of the UK Borders Act 2007(3).

(3) *The documents which apply for the purposes of regulation 2(1)(b)(ii) are a bank or building society statement; a credit or debit card statement; a council tax demand letter or statement; or a utility bill, but not a mobile telephone bill provided that the date on which the document in question was issued is not more than three months before the date the scrap metal is received by the scrap metal dealer.*

13. In operating as a scrap metal dealer what records am I required to keep?

The Act states that a scrap metal dealer must record the following information:

- (a) 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;
- (b) The date and time of its receipt;
- (c) If the metal is delivered in or on a vehicle, the registration mark (within the meaning of section 23 of the Vehicle Excise and Registration Act 1994) of the vehicle;
- (d) If the metal is received from a person, the full name and address of that person;
- (e) If the dealer pays for the metal, the full name of the person who makes the payment acting for the dealer.

If the dealer receives the metal from a person, the dealer must keep a copy of any document which the dealer uses to verify the name or address of that person.

If the dealer pays for the metal by cheque, the dealer must keep a copy of the cheque.

If the dealer pays for the metal by electronic transfer:

- (a) The dealer must keep the receipt identifying the transfer, or
- (b) If no receipt identifying the transfer was obtained, the dealer must record particulars identifying the transfer.

If a dealer disposes of scrap metal under a Site Licence they must record the following information:

- (a) The description of the metal, including its type (or types if mixed), form and weight;
- (b) The date and time of its disposal;
- (c) If the disposal is to another person, the full name and address of that person;
- (d) If the dealer receives payment for the metal (whether by way of sale or exchange), the price or other consideration received.

If a dealer disposes of scrap metal under a Collector's Licence they must record the following information:

- (a) The date and time of the disposal;
- (b) If the disposal is to another person, the full name and address of that person.

The dealer must keep the information and other records mentioned above for a period of 3 years beginning with the day on which the metal is received or (as the case may be) disposed of.

A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 5 on the standard scale.