

Report of: Service Director – Public Protection

Meeting of:	Date	Agenda item	Ward(s)
Licensing Regulatory	10 December 2013		All

Delete as appropriate		Non-exempt
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SUBJECT: Scrap Metal Dealers Act 2013 – Setting of Licence Fees

1. Synopsis

- 1.1 The report outlines proposals for the fees to be charged in relation to Scrap Metal licenses.

2. Recommendations

- 2.1 To agree the proposed fees as outlined in Appendix 1.
- 2.2 To agree that the new fees come into immediate effect.

3. Background

- 3.1 The Scrap Metal Dealers Act 2013 (“the Act”) received Royal Assent on 28 February 2013 and came into effect on 1 October 2013.
- 3.2 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 maintains local authorities as the principal regulator but gives them the power to better regulate these businesses by allowing them to refuse to grant a licence to ‘unsuitable’ applicants and a power to revoke licences if the dealer becomes ‘unsuitable’.
- 3.3 The Act provides that an application for a licence must be accompanied by a fee. The fee will be set locally by each local authority on a cost recovery basis, but local authorities will have a duty to have regard to guidance issued by the Secretary of State which will outline the issues that should be considered by them when setting the fee and what activities the fee can cover. This fee will be an essential component of the new regime as it will provide local authorities with the funding they need

to administer the regime and to ensure compliance.

- 3.4 Section 1 of the Act requires that a scrap metal dealer obtains a licence in order to carry on business as a scrap metal dealer. It will be an offence to carry on a business as a scrap metal dealer in breach of the requirement to hold a licence. This offence is punishable on summary conviction with a fine not exceeding level 5 on the standard scale.
- 3.5 Section 2 provides further detail in respect of the licence, including that there will be 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).
- 3.6 A site licence will be issued by the local authority in whose area a scrap metal site is situated and will require all of the sites at which the licensee carries on the business as a scrap metal dealer within the local authority area to be identified and a site manager to be named for each site. In doing so, they will be permitted to operate from those sites as a scrap metal dealer, including transporting scrap metal to and from those sites from any local authority area.
- 3.7 A mobile collector's licence will authorise the licensee to operate as a mobile collector in the area of the issuing local authority, permitting them to collect any scrap metal as appropriate. This includes commercial as well as domestic scrap metal. The licence does not permit the collector to collect from any other local authority area; a separate licence would need to be obtained from each local authority in whose area the individual wished to collect in. A licence also does not authorise the licensee to carry on a business at a site within any area - should a collector wish to use a fixed site, they would need to obtain a site licence from the relevant local authority. There is no restriction as to the location where the collector can transport and sell their metals.

4. Implications

4.1 Financial implications:

- 4.1.1. An application for a Scrap Metal Dealers licence must be accompanied by a fee. The fee is set by the Local Authority on a cost recovery basis, but in setting the fee, the Local Authority must have regard to any guidance issued by the Secretary of State.
- 4.1.2. Under the guidance, in calculating the fees, the following can be considered:
- All the activity required with processing and granting a licence such as considering applications and assessing the suitability of the applicant.
 - The costs of staff associated with supporting the service.
 - Support provided by other parts of the council to the licensing team such as legal services and any recharges there might be for rooms, heating and lighting from the centre of the authority.
 - The cost of providing advice and guidance to applicants on what will be a new process.
 - Carrying out inspections and ensuring compliance with the law.
 - Costs associated with consulting other agencies and bodies when considering if an applicant is a suitable person.
 - Working with any partners in ensuring compliance.
 - Issuing the licence.
 - Any officer time spent providing information for inclusion in the register of dealers.
- 4.1.3. The licence fee cannot be used to support enforcement activity against unlicensed scrap metal dealers.
- 4.1.4. Any activity taken against unlicensed operators must be funded through existing funds. Such activity against unlicensed operators includes issuing closure notices; with applications for closure orders subsequently made to a magistrates court.

- 4.1.5. The cost of applying to the Magistrates Court for a warrant for entry to any premises (licensed or unlicensed), by force if necessary will incur legal costs to be borne by the local authority and police.
- 4.1.6. It is anticipated that four site licenses and six mobile licenses will be issued in this financial year. The income we receive, from the issue of New, Renewed or Variance licenses, will be posted to the Public Protection cost centre for Trading Standards NR200. Any costs incurred will also be met from within this budget.

4.2 Legal implications:

- 4.2.1. Paragraph 6 of Schedule 1 of the Scrap Metal Dealers Act 2013 states
 - 1) An application must be accompanied by a fee set by the authority
 - 2) In setting a fee under this paragraph, the authority must have regard to any guidance issued from time to time by the Secretary of State with the approval of the Treasury.
- 4.2.2. The home office has issued guidance to local authorities (October 2013) under paragraph 6(2) of Schedule 1 of the Act. The guidance sets out what the local authority can and cannot incorporate within the licence fees.
- 4.2.3. A licence will be issued for a period of three years from the date of issue. The Secretary of State will have the power under paragraph 1(4) of the Act to alter the duration of the licence.

4.3 Equality impact assessment:

- 4.3.1. An equalities impact assessment (EIA) on this proposal has been carried out. The EIA identified that there would be no differential impacts on different groups in Islington and no negative consequences for community cohesion. This conclusion was drawn because the fees increase will be applicable to all businesses operating in a commercial environment.

5. Conclusion and reasons for recommendation

- 5.1 It is necessary to set a fee for the issue of a Scrap Metal Dealers licence that reflects the costs involved in issuing the licence.

Appendices

Appendix 1 – Proposed Fees

Background papers:

Scrap Metal Dealers Act 2013
Guidance issued by the Home Office relating to the setting of fees.
Equalities Impact Assessment

Final report clearance:

Signed by:



Assistant Director – Public Protection

Date

27.11.13

Received by:

Head of Democratic Services

Date

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Appendix 1

Scrap Metal Dealers Fees – Islington

Licence application type	Site Licence	Collector's Licence
New	£490	£295
Renewal	£490	£295
Variation	£245	£235
Duplicate	£5	£5

The licence lasts for 3 years.

