

Update on the Scrap Metal Dealers Bill

Purpose of report

For information.

Summary

This report updates the Board on the outcome of the committee stage of the Scrap Metal Dealers Bill, and the next steps with the Bill.

Recommendations

Members are asked to:

1. note the outcome of the committee stage of the Bill; and
2. Agree to the LGA seeking to table amendments to the Scrap Metal Dealers Bill allowing the setting of local conditions when the Bill reaches the House of Lords.

Action

LGA officers to progress as appropriate.

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Update on the Scrap Metal Dealers Bill

Background

1. At its September meeting the Board received a report on the LGA's activity around the Scrap Metal Dealers Bill, which is being taken through parliament as a private member's bill by Mr Richard Ottaway MP. The report set out the two amendments the LGA was seeking to make to the Bill at committee stage, which took place in mid-September.
2. These amendments were to enable local authorities to insert their own local conditions into the licence when granting the licence, and also to allow councils to set their own fees for scrap metal dealers licences without the Home Office being able to centrally set them or cap the fees that could be charged. Amendments along these lines were tabled at the committee stage for the LGA by David Winnick MP.

Fees for scrap metal licences

3. The Government resisted the LGA's amendment to the clause in the bill covering fees on the basis that they had tabled their own similar amendment. The Government's amendment was accepted by the Bill Committee and the revised clause removes the ability of the Home Secretary to set a cap for the fees that councils can charge. Councils will therefore be able to set their own fees subject to having regard to any guidance issued by the Home Office with the approval of the Treasury. LGA officers will therefore be discussing with Home Office officials about what this guidance will contain.

Locally set conditions

4. Our amendment to allow councils to set their own local conditions was also resisted by the Government. At the same time the Government also moved amendments that removed the ability for councils to impose the two conditions allowed by the bill when granting the licence. The Government amendments instead mean that councils can only impose these conditions where a licence holder has been convicted of a relevant offence. As a concession the Minister, Jeremy Browne, indicated that the Government would be willing to consider how local authorities could be provided with the flexibility the LGA amendment was seeking to achieve.
5. Views have therefore been sought from councils on whether there any additional proportionate and reasonable conditions, which would also be agreeable to the Home Office that could also be included in the Bill. A variety of suggestions were received from member authorities but there was no proposal backed by a significant number of authorities. This response backed the LGA's view about the necessity of allowing local conditions to be set, as proposals depended on the circumstances of each authority. Any suggestion made by the LGA would be unlikely to receive support from any great number of councils, while the ability to set local conditions has, so the Board's agreement is sought to pursuing an amendment when the Bill reaches the House of Lords that would allow councils to set local conditions.

Form of the licence and consultation before granting the licence

6. Due to other amendments tabled at committee stage the Home Office also sought the LGA's views on the form of the licence given to scrap metal dealers and whether councils should be compelled to consult the Environment Agency, the police and other councils when determining the suitability of an applicant. In response the LGA indicated that the existing wording in the Bill allowing councils to consult the organisations listed was sufficient, and that the licence should be in a robust enough form to enable it to be displayed in a scrap metal dealers yard with a requirement being placed on the dealer to ensure it is prominently displayed.

Cashless transactions

7. The amendments made to the Scrap Metal Dealers Act 1964 by the Legal Aid, Sentencing and Punishment of Offenders Act 2012 that prohibit scrap metal dealers from paying for scrap metal in cash will come into effect from 3 December 2012. Guidance on how this will be implemented was published by the Home Office on 23 October (<http://www.homeoffice.gov.uk/publications/crime/scrap-metal-guidance?view=Binary>). From December dealers, other than itinerant collectors who are exempt from this requirement, will either have to pay for scrap by cheque or electronic transfer. This includes direct debits, direct credits, BACS payments, standing orders, credit transfers, on-line, phone and mobile banking. Anonymous or near cash alternatives such as postal orders, foreign currency, electronic vouchers and non-reloadable pre-paid debit cards will all be unacceptable.

Third Reading of the Bill

8. The third reading of the Bill will take place in the House of Commons on 9 November. There are some indications that there is not wholehearted support for the Bill in the Commons, so the main focus in the LGA's briefing ahead of third reading will be the need for this legislation to be introduced. As with second reading of the Bill in July Board members' encouragement of MPs to attend and support the Bill might be necessary.

Conclusion and next steps

9. A briefing for MPs will be produced ahead of the third reading of the Bill, and if the Board agrees to the LGA taking forward an amendment in the House of Lords to allow councils to set local conditions on the licence, approaches will be made to members of the Lords with an interest in this area.

Financial Implications

10. Any work arising out of the report will be met from existing resources.