

REPORT TO: Licensing Sub-Committee

MEETING DATE: 14 September 2017

BY: Depute Chief Executive (Resources & People Services)

SUBJECT: Operation Scandium

1 PURPOSE

- 1.1 To advise the Sub-Committee of the latest position relative to Operation Scandium and steps being taken to combat metal theft.

2 RECOMMENDATIONS

- 2.1 That the Sub-Committee-
- (i) notes the terms of the letter from Police Scotland and the Final Report produced by Police Scotland with regard to Operation Scandium.

3 BACKGROUND

- 3.1 Operation Scandium was a multi-agency collaboration set up to tackle metal theft in Scotland. It was led by British Transport Police and ran from July 2015 to March 2017.
- 3.2 The agencies involved have now produced their final report on the outcomes and findings of the Operation. While it did not involve the Council directly, it is obviously of relevance to the Council relative to the licensing of metal dealing activities, which has been overhauled by the Air Weapons and Licensing (Scotland) Act 2015.
- 3.3 No specific action is currently required, and the Final Report annexed hereto is presented to the Sub-Committee for their information following completion of the Operation.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and an Equalities Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 None
- 6.2 Personnel - none
- 6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 Final Report from Police Scotland re Operation Scandium.

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DATE	1 September 2017



Monday 31 July 2017

To whom it may concern:

Operation Scandium – Tackling Metal Theft in Scotland

The theft of metal has caused significant disruption to communities, transport networks and industry and more widely the economy of Scotland in recent times.

In July 2015, British Transport Police (BTP) was charged with leading a multi-agency programme of work to minimise the impact of metal theft and, with the support of funding from Transport Scotland, prepare for the implementation of the Air Weapons and Licensing (Scotland) Act 2015 in respect of scrap metal dealers.

Operation Scandium was planned and delivered, providing enforcement, prevention and engagement activity supported by education and training and an extensive awareness and media campaign. The enclosed report details the strategic and tactical approach taken by many of the partner agencies involved and highlights;

- education and enforcement initiatives
- the scope of operational activity
- evidence on the impact of Operation Scandium

However, the challenge remains; metal thefts still occur and can cause major disruption to communities and industry especially where the supply of vital services (power, rail and telecommunications) are affected. A theft of a relatively small piece of cable can have a huge 'ripple' effect in terms of disruption and financial costs.

Overall, it is pleasing to report a reduction in metal theft and the successful introduction of new legislation - successfully delivered through Scandium and offering value for money, a good return on taxpayer investment and lessening the costs associated with metal theft in Scotland.

Yours sincerely

John McBride MA MCMI
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Operation Scandium



Final Report



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1. Executive Summary

This report details the activity and outcomes from Operation Scandium, an operation established to assist with the development and implementation of legislation contained within the Air Weapons & Licensing (Scotland) Act 2015 introducing a new regulatory framework for Scrap Metal Dealers. The operation commenced in July 2015 through to March 2017 and was fully funded through a grant from Transport Scotland.

During the operation;

- In excess of 420 Scrap Metal Dealer premises visits were conducted pre and post legislation to ensure awareness of the forthcoming legislation change and latterly compliance checks
- Visits formed part of the agreed three phase approach; engagement, education and enforcement which has greatly improved communications and relationships between enforcement bodies and the Scrap Metal Industry and assisted in the smooth implementation of the new legislation
- Analysis of metal thefts indicates a 52% reduction in reported Metal Theft¹
- The cost of metal theft reduced by £1million compared to the previous 14 month period¹
- Over 6,000 vehicles were stopped during multi-agency days of action when vehicle occupants were made aware of the new legislation²
- In excess of 2,100 offences were detected²

¹ to 1st September 2016

² to 31st March 2017

- Serious and organised crime groups who attacked the national electricity distribution network were successfully dismantled³
- A Successful media strategy was delivered through the SBRC
- A coordinated Crimestoppers campaign ran under the banner 'Scrap the Cash', highlighting an anonymous reporting channel
- The Crimestoppers campaign increased reporting by 50%
- The funded operational activity was supplemented by additional resources provided by various agencies including SEPA, SBRC, DWP, HMRC, DVSA, SSE, HOIE, DWP, BT and SPEN
- The partner agencies contribution added significant discretionary benefit to the funding made available, greatly increasing the effectiveness of the operational deployments and sharing good practice across disciplines on alternative enforcement options that could bear down on metal theft

³ Operation Fuga

2. Introduction

This report provides information on the background to the creation and delivery of Operation Scandium.

Operation Scandium was the name given to a multi-agency collaboration to tackle metal theft in Scotland.

It was led by British Transport Police and managed through the Scottish Metal Theft Working Group.

It operated from July 2015 through the introduction of the Air Weapons and Licensing (Scotland) Act 2015 on September 1st of 2016 with operational activity concluding on the 31st March 2017.

The report provides information and data and explains the concept of operations, outlining the strategic objectives, operating model, performance measurements, and governance and bidding protocols.

3. Background

In 2008 British Transport Police (BTP) accurately identified metal theft as an emerging issue affecting the railways, other industries and communities.

BTP has led the way on combating metal theft and are the current National Police Chiefs' Council (NPCC) Metal Theft portfolio lead in England and Wales under Chief Constable Paul Crowther OBE.

In Scotland, Chief Superintendent John McBride chairs the sister group, the Scottish Metal Theft Working Group supported by the Scottish Business Resilience Centre (SBRC). This provides BTP with the opportunity to:

- Lead the way in developing police policy, practice and tactics⁴
- Facilitate good practice and learning from elsewhere in the UK
- Adapt tactics with Scottish partners
- Work in partnership with other law enforcement agencies and partners
- Drive multi agency working to tackle offending
- Raise awareness of the wider issues associated with the impact of metal theft across Scotland (crime trends, organised crime links etc.)

As metal theft and the associated disruption to industry, commerce and communities increased it became widely accepted that the existing legislative framework was outdated. There was a need to update laws and regulations to take account of a different operating landscape, a changing recycling industry and introduce a framework with strengthened checks and balances to deter criminality driven by high commodity prices.

In effect placing additional responsibility on the purchaser, predominantly scrap metal dealers, to confirm the identification of persons selling scrap metal. This step would assist in proving dishonesty and ownership in a crime where disposal routes

⁴ Operation Tornado and Operation Leopard

offered sellers anonymity and cash transactions provided no traceability. When combined, these two aspects made investigations almost impossible and made bringing offenders to justice particularly difficult.



Prior to the implementation of the Air Weapons and Licensing (Scotland) Act 2015, under the Civic Government Scotland Act 1982, sellers of metal could trade with a scrap metal dealer with no verification of their details and receive cash immediately in payment.

This system offered little deterrent to unscrupulous metal thieves and arguably reinforced the view that metal theft was a low risk high reward crime. With scrap metal dealers under no obligation to verify identities of sellers, the weaknesses in the system were obvious. In short the legislation was not fit for purpose. It offered, to those willing to exploit it, a ready-made market where the disposal of stolen metal released cash virtually without any comeback.

The need for the legislation to be reviewed in Scotland was subsequently recognised and accepted by the Scottish Government. The implementation of the Air Weapons and Licensing (Scotland) Act 2015 addresses a number of shortcomings and improves the current legislation by removing cash transactions, improving record keeping and introducing the need for verification of identification of sellers.

4. Governance and Accountability

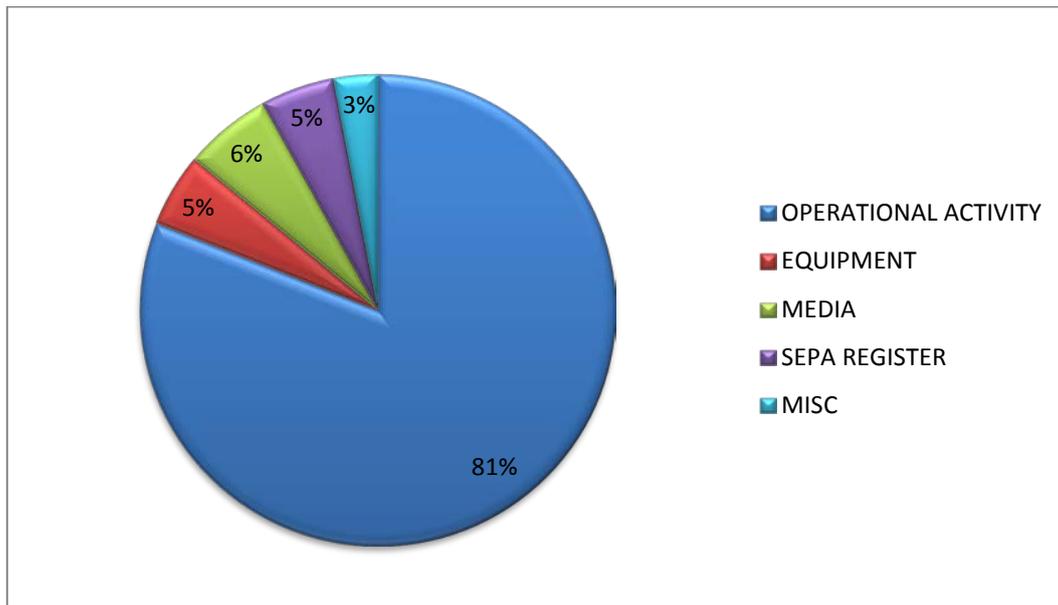
In early 2015 Transport Scotland committed £600,000 to support the police and other agencies in taking additional measures to tackle metal theft. BTP as the enforcement lead planned, implemented and managed Operation Scandium to ensure maximum value was obtained from the funding made available. This included;

- Consulting on and agreeing strategic objectives
- Overseeing and collating national information on trends
- Reviewing operational performance and delivery and
- Financial monitoring ensuring transparency and accountability

Quarterly Scottish Metal Theft Working Group meetings provided the oversight and scrutiny of the Scandium work including national metal theft trends (whether lead attacks from churches and other faith buildings, or catalytic convertor theft) where analysis was shared, reviewed and discussed. Operational activity conducted under Scandium was shared with members who were apprised on bids received for proposed operational activity.

The Scottish Metal Theft Working Group comprises senior representatives from a wide range of business sectors and includes Scottish Government, the Scrap Metal Industry, Police leads and other partners from across the country. In line with strategic objectives the majority of the funding was utilised for operational activity.

This chart breaks down how the funds were allocated:



The process for the allocation of funds was overseen by Operation Scandium's Tactical lead, BTP Chief Inspector Stuart Wilson who together with Transport Scotland representatives met frequently to carefully consider funding bids received from partners.

Each bid for funding was assessed against agreed criteria to ensure the proposals contributed to the strategic objectives of reducing the theft of metal, disrupting organised crime, raise awareness of metal theft and gather information and intelligence relating to metal theft.

Successful funding bids led to operational deployments and the outcomes from individual operations were collated to monitor performance against the strategic objectives and ensure funding was being utilised appropriately.

At the time of writing there have been 93 successful bids which have facilitated concerted operational activity across Scotland.

5. Strategic Objectives

To provide guidance and direction for agencies bidding for funding and to ensure deployments contributed positively to the activity prior to implementation of the new legislation, a series of strategic objectives were set and agreed between BTP, Transport Scotland and representative of the Scottish Metal Theft Working Group.

These objectives, listed below, would ensure a focussed multi-agency approach to the three phase enforcement and education strategy.

- To reduce the theft of metal
- To raise awareness in law enforcement agencies on forthcoming legislative changes
- To raise awareness of Scrap Metal Dealers including Itinerant Metal Dealers around legislative changes
- To carry out a risk assessment through a structured pattern of Scrap Metal Dealer visits
- To ensure compliance with the new legislation and identify and deal with non-compliance appropriately
- To disrupt organised criminal networks involved in metal theft activity
- To develop the intelligence picture of metal theft activity across Scotland including a focus on non-compliant Scrap Metal Dealers

A number of potential operating models were considered and a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis used to determine the best approach. These included;

- 1 A centrally based team, moving around the country
- 2 Regional teams working in smaller areas across the country
- 3 A small core central coordination team with a federated approach
- 4 A multi-agency approach with the aim of developing innovative ways to achieve the strategic objectives



Option 4 - the multi-agency option was identified as the preferred solution to deliver operational success for Scandium. Operational activity was delivered in three phases.

Firstly a pre-legislation phase; followed by a post legislation education phase and finally an enforcement phase. This structured approach ensured all those affected/involved in the legislative change were fully informed and engaged in the implementation process. This approach provided a degree of industry accountability when the enforcement phase commenced.

6. Operational Activity



Since operational activity commenced in July 2015 the following agencies have been actively involved in multi-agency days of action

- British Transport Police
- Police Scotland
- SBRC
- SEPA
- DWP
- Trading Standards
- DVSA
- HMRC
- Local Authorities
- BMRA
- BT
- SSE
- HOIE
- SPEN

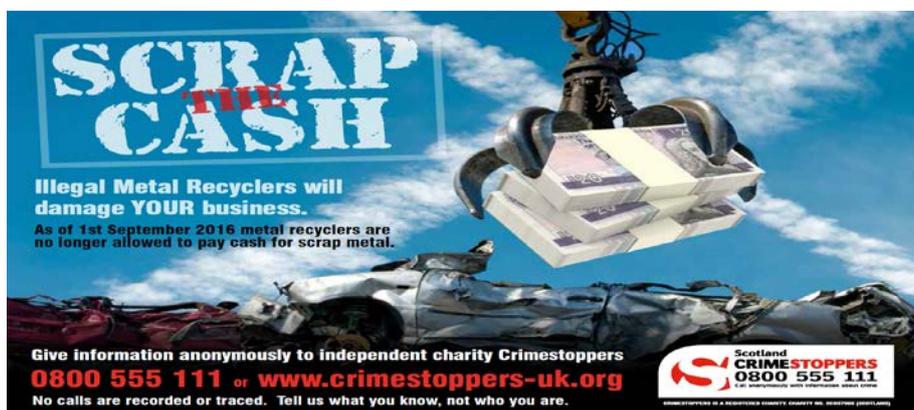
As part of the education phase the Scottish Business Resilience Centre (SBRC) had oversight for the media strategy which was run in parallel with the operational phases prior to the implementation of the legislation. This aimed to inform and educate all those likely to be affected by the changes in the new legislation.

As part of this strategy, eye-catching images were used in various formats including Billboard displays at key locations near to Scrap Metal Dealers, posters displayed within Scrap Metal Dealers yards, mail-drops and calling cards. Excellent use was made of social media including the website www.metaltheftscotland.org.uk and extensive use of Twitter.

The media campaign was supported with follow up visits conducted by BTP officers deployed on Operation Scandium to address any concerns highlighted through the risk assessment process and other information and confirm understanding of the new legislation.



From July 2015 up until the introduction of the new legislation in excess of 300 visits to Scrap Metal Dealers were carried out. In addition there was an extensive mail drop to all registered itinerant metal dealers with the intention of ensuring a clear understanding across the whole industry of the new legislation.



A significant element of the operation was a dedicated crime prevention campaign run together with our partners in Crimestoppers.

The campaign geared up as the implementation date for the new legislation approached, raising awareness and encouraging the industry to provide confidential information on those who would look to flout the new legislation. As a result information has been anonymously received via Crimestoppers that has been acted upon.

No cash for scrap

As of 1 September 2016, we are no longer allowed to pay cash for scrap metal.

But we can still pay you!

Please discuss the range of alternative payment options with the weighbridge staff.

Under the Air Weapons and Licensing (Scotland) Act 2015, it is an offence for anyone to buy scrap metal for cash or by any other form of payment than a crossed cheque or electronic transfer of funds.

As well as banning cash payments, the Scottish Government has made it a requirement for us to verify the identity of those selling scrap metal.

Acceptable forms of identification include:

- A valid photographic ID, which also sets out the seller's full name and residential address.
- A formal document, such as a utility bill, that bears the person's full name and residential address and a valid photographic ID that includes the seller's date of birth as well as their full name and residential address.

All documentation must have been issued within three months of the date the metal is acquired by the dealer or no more than three months before the date the metal is disposed of by sale or exchange by the dealer.

BMRA
BRITISH METAL RECYCLING ASSOCIATION

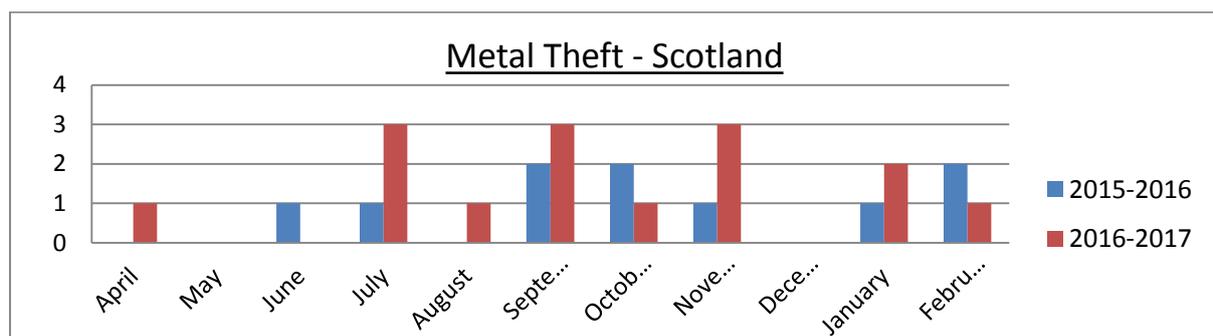
Scottish Business Resilience Centre
Creating a secure Scotland for business to flourish in

BRITISH TRANSPORT POLICE

SEPA
Scottish Environment Protection Agency

POLICE SCOTLAND

The table below shows the increased reporting to Crimestoppers during the campaign. The data shows a 50% increase in calls as a result of the campaign.



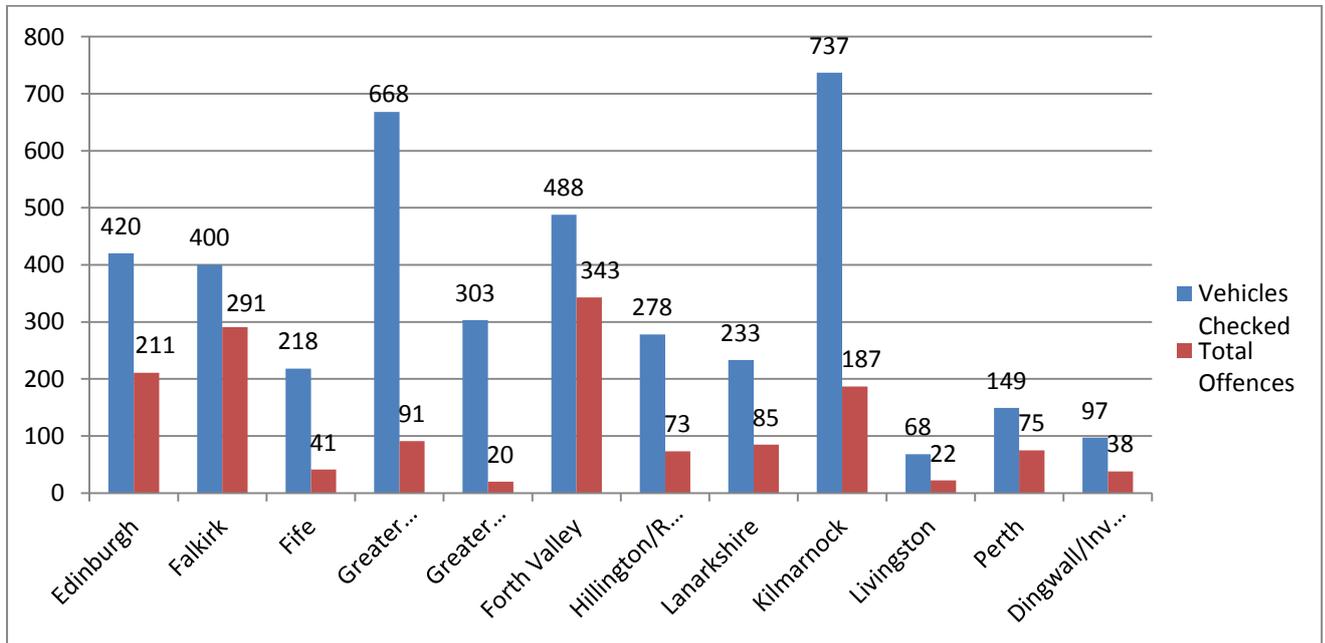
Representatives from BTP also attended at a series of community events hosted by the British Metal Recycling Association (BMRA) to directly engage with their members and address any concerns relating to the proposed legislative changes.

A key objective of Operation Scandium was to raise the profile of the legislation and directly engage with and educate those involved with the scrap metal industry. This was achieved through a number of high profile multi agency deployments across Scotland at carefully chosen locations near to scrap metal dealers. An example of this was a deployment in Edinburgh in October 2015 where over 250 vehicles were stopped and 147 offences were recorded by the various agencies attending. This activity was replicated across Scotland and helped achieve the objective of raising the profile of Operation Scandium by directly engaging with the public and harnessing the power of the media interest to deliver key messages.

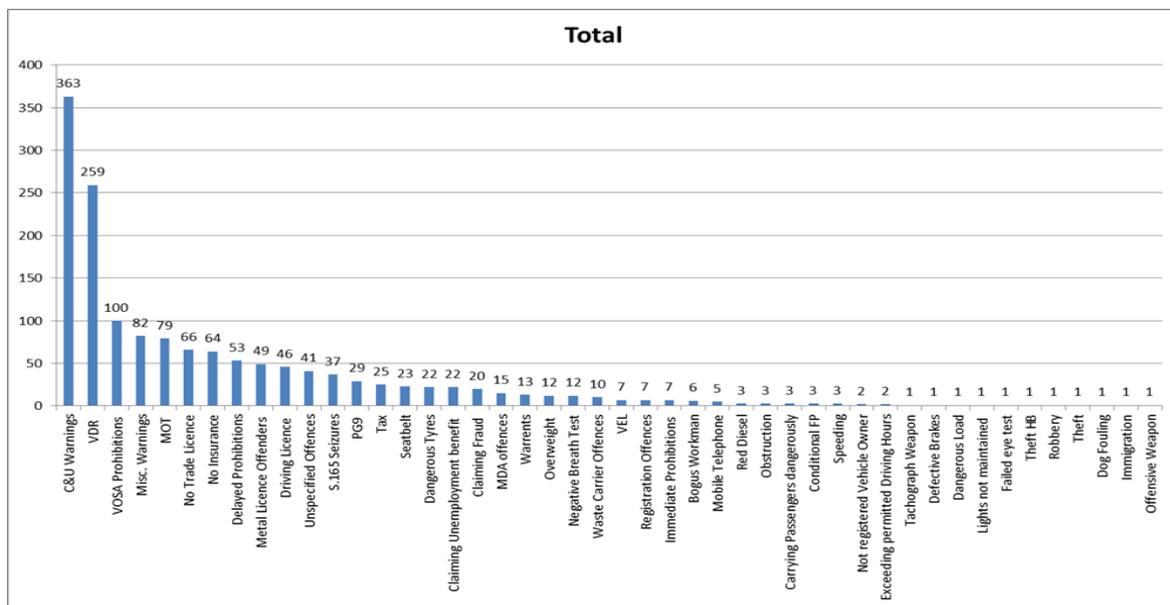
SEPA have stated that these deployments were particularly beneficial in allowing them to work with partner agencies and directly impact on areas of concern to their business. This participation has provided them with the opportunities to utilise their own legislative powers under the Regulatory Reform (Scotland) Act 2014.

The tables below shows the number of vehicles stopped and the number of offences recorded across Scotland during Scandium deployments between July 2015 and September 2016 (the offences also include those recorded by other agencies including DWP and SEPA).

Vehicles stopped/offences by location



Recorded offences by type



Disrupting organised crime was a key objective for Operation Scandium. Serious and organised crime continues to pose a serious threat to industry, communities and the economy.

The organised nature of offending corrupts lawful business; recyclers, hauliers, freight operators and exporters. The scope for tax evasion is ever present and this aspect of Scandium fits with the Scottish Government and Police Scotland strategy for tackling serious organised crime.

The success here is best illustrated through Operation Fuga, an investigation focusing on an Organised Crime Group (SOCG) involved in the large scale theft of metal disrupting electricity supply to homes and businesses.

The group was primarily based in Glasgow but they were criminally active across all 13 policing divisions in Scotland as well as being active in the North of England. Under Operation Scandium a strategy was developed by BTP, Police Scotland and Home Office Immigration Enforcement (HOIE) to tackle the group.



Following extensive work a multi-agency day of action was executed. A number of members of the crime group were targeted at residential premises across Glasgow and Lanarkshire.

As a result, two people were deported, two were extradited, three left the UK of their own accord and deportation orders are in force should they return, a further three are in custody awaiting deportation, one was removed from the UK, one is in pre-trial custody in Austria. This targeted activity has ensured this group has been

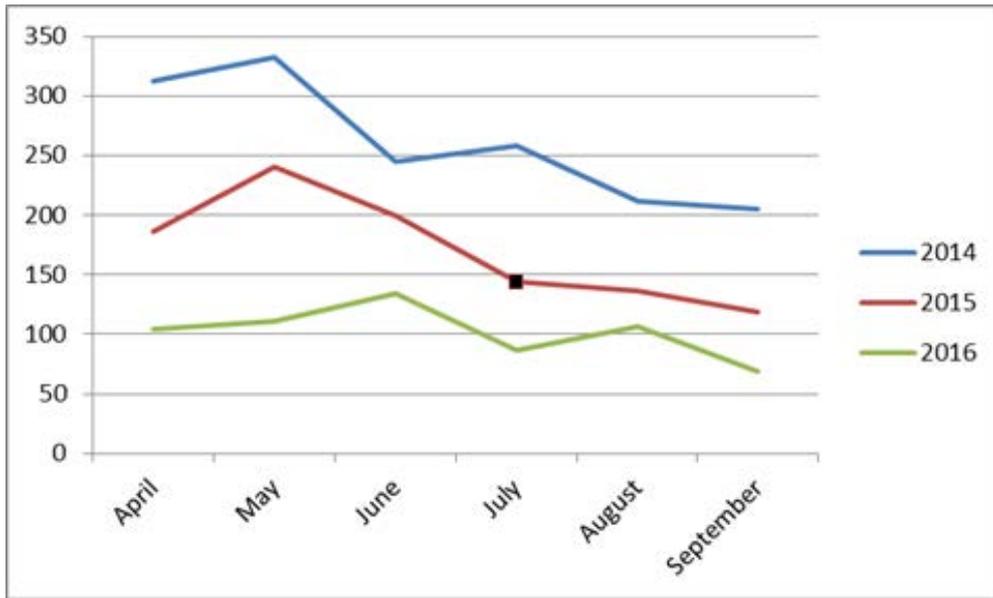
successfully dismantled to such an extent that the threat from their criminal enterprise has reduced significantly.

Since Operation Scandium operational activity commenced in July 2015 there has been a significant reduction in the frequency of offending and associated cost. Analysis conducted on crime data from BTP, Police Scotland and various utility companies has confirmed a 52% or £900,000 reduction in the costs associated with metal theft in comparison to the period from April 2014 to July 2015 where the associated costs were recorded at just over £1.7 million.

The BTP crime statistics below show the gradual decrease in offending since 2012 along with the rapid reduction around the time of the implementation of Operation Scandium and the new legislation.

	Cable Live	Metal Non-Live	Total	% change
2012	40	59	99	
2013	29	55	84	-15%
2014	25	32	57	-32%
2015	20	31	51	-11%
2016	11	7	18	-65%
2017(to 23/01)	0	1	1	n/a

In the 9 months prior to the commencement of Operation Scandium there were a total of 2,036 metal theft offences in Scotland, which reduced to 1010 post-Scandium (a reduction of 50.4%). However, as Scandium progressed and the resources/tactics had an effect, this decrease continued to improve and rates are currently at their lowest since the start of the analysis period:



A recommendation stipulated in the legislation was the creation of a National Database of Scrap Metal Dealers. The database which is planned to be easily accessible by the public will provide information on sites legally-registered and operating in Scotland. To achieve this BTP engaged with Scottish Government and SEPA and subsequently funded a bid for the design and development of the national register.

SEPA have successfully obtained the required data from all 32 Local Authorities across Scotland. Scottish Government has confirmed that funding for the first year of the register and that discussions are ongoing with SEPA to ratify the required secondary legislation, a draft of which should be available in the summer of 2017.

Bespoke training packages have also been designed and prepared by BTP for use in wider police training. The package on the new legislation has been made available to both forces with NCALT and Moodle options. This training will ensure an awareness and understanding of the new legislation and the requirements and responsibilities placed upon officers when dealing with the Scrap Metal Industry.



A structured programme of license checks are continuing with the new information obtained from these visits being submitted onto the Police Scotland Innkeeper Licensing Database. This will ensure ongoing compliance and identify licensing infringements for which the Innkeeper system will generate tasks that will be actioned by local Police Scotland Licensing Officers.

7. Air Weapons and Licensing (Scotland) Act 2015

The Air Weapons and Licensing (Scotland) Act 2015 came into force on the 1st of September 2016. The Act made a number of significant changes to the previous legislation relating to Metal Dealers. These changes aim to modernise and improve the existing licensing regime through more effective regulation of the industry and make it more difficult for metal thieves to dispose of stolen metal.



Cabinet Secretary for Justice, Michael Matheson, said: *“Metal theft can be dangerous and disruptive. We are proud to have delivered on our promise to bring in tougher rules to tackle metal theft with the Air Weapons and Licensing (Scotland) Act”.*

The key changes in the legislation are:

Removal of Exemptions

Local Authorities no longer have the power to issue Exemption Warrants. This will have the effect of ensuring that all metal dealers are subject to licensing requirements.

Removal of Retention Requirement

The current requirement to retain metal for a period of 48 hours after its acquisition is being removed (although Licensing Authorities may still impose this requirement on a case by case basis).

Cashless Payments

Metal dealers will be required to only pay for metal by either cheque or by electronic transfer to a bank or building society. If a dealer pays for metal by any other means then they will be committing an offence.

Record Keeping

The changes introduced amend the standard of record keeping that metal dealers will be required to follow. It specifies the information that dealers must record when they acquire, process or dispose of any metal and the form that such records should take; these changes include:

- Dealers are required to retain records for a period of at least 3 years from the date that the information was recorded or the document obtained.
- Records will require to be kept for each place of business a dealer operates from.
- There is a new standard for identification of customers which assists in establishing a person's identity i.e. name and address e.g. passport, driving licence, residency permit, bank statement etc.
- It will be an offence to fail to comply with the record keeping requirements and the new Act amends the existing offence in relation to providing false or misleading information.

8. Post Legislation activity

Since the legislation came in to force, operational activity has continued with a concerted campaign taking place in December 2016. Already there are enquiries ongoing as a result of intelligence and information received from within the Scrap Metal Industry particularly around car breakers that are currently under investigation by dedicated Operation Scandium officers.



Overall, the legislation has been well received by the industry with a high level of compliance and understanding shown during visits. Industry acceptance of the legislation can be demonstrated by the Crimestoppers campaign and legislative launch taking place in a Scrap Metal Dealers yard on 1st September 2016, something that simply would not have happened pre Scandium.

Some concern has been raised by smaller yards that on site cheque cashing has been adopted by several of the bigger companies. Although not in the spirit of the legislation there is no illegality in exercising this option and the company being used (Cheque Exchange Ltd) are fully endorsed by BMRA. Recyclers who adopt this regime are required to be registered with HMRC as a money business and are subject to Know –Your –Customer (KYC) codes. Arguably more demanding in terms of regulation than that introduced under the Air Weapons Licencing (Scotland) Act 2015.

9. Looking forward

Although not as prevalent as it has been, incidents of metal theft still occur across Scotland and remain a challenge for Police, industry (in particular the railway and utility companies) and local communities across Scotland.

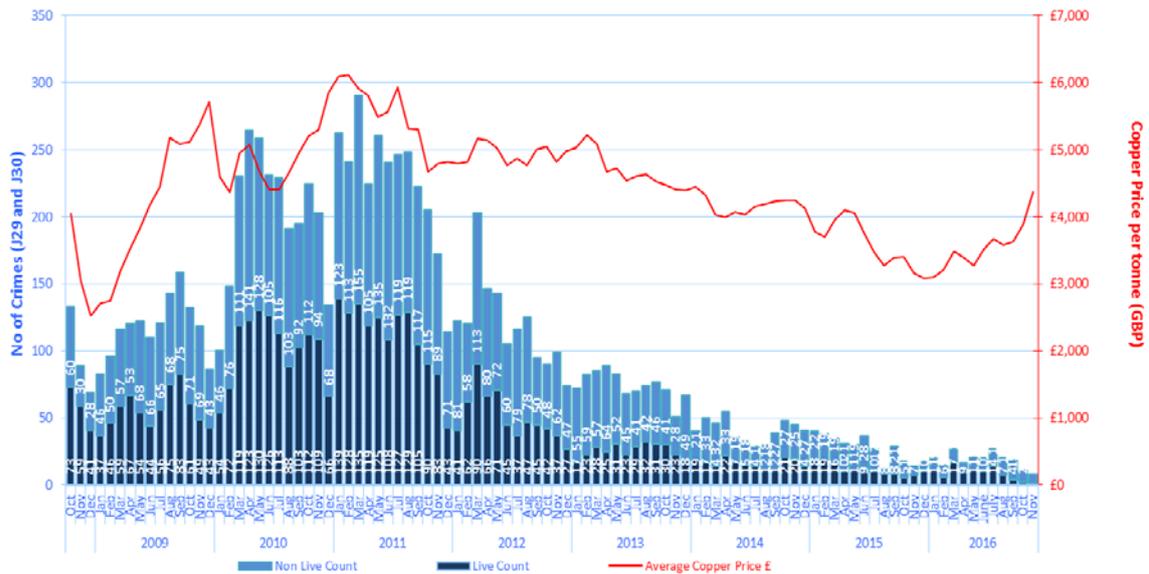
A single theft of a minimal amount of cable can cause considerable disruption to businesses and local communities and can have significant financial implications (e.g. Greenhill Junction where two minor cable thefts cost Network Rail over £270,000) what BTP refers to as the 'ripple effect'. Factor in cancelled trains and missed business appointments, family celebrations or simply being late for work and these costs can escalate considerably. These figures, however do not fully demonstrate the associated impact to business and communities nor do they quantify the associated cost or disruption.

Theft of valuable metals from properties and infrastructure continues to be a worldwide problem and businesses are bearing the brunt of the cost. According to a specialist security contractor, where metal is stripped to be re-sold by criminals, the value of the damage caused when it is removed far exceeds that of the commodity stolen. It is estimated that repair costs can be as much as 50 times the value of the metal in some cases.

The overall impact of metal theft can have a ripple effect where a single theft can have considerable cost implications and a massive impact to communities and businesses that are difficult to quantify or measure although recent research has indicated that metal theft still costs the UK an estimated £220 million per annum.

The table below depicts an ongoing reduction in metal theft since it peaked in 2011 and how frequency of offending correlates with the price of metal. Recent crime analysis using BTP crime data shows that between January and November 2016 there had been a combined total of 205 offences, with an average copper price of £3,551. This was lower than the combined total of offences (312) for the same period last year when the average copper price was £3,639. This suggests as the average price of copper has decreased, so has the total offences.

Cable / Copper Theft Comparison with Trade Market Trends (01/10/2008 to 30/11/2016)
 (Source: London Metal Exchange)



Pan Pacific Copper, Japan's biggest copper smelter, state it expects copper prices to rise to \$5,200 (or £4,184) per tonne in 2017 and \$5,500 (or £4,425) per tonne in 2018, as the global copper market will likely turn to a shortage next year.

In the last six months, on average the price of Copper has begun to rise, therefore there is a potential risk of metal theft offences increasing.

10. Conclusion

Operation Scandium has demonstrated the effectiveness of multi-agency operational deployments and the value of concerted industry engagement. The approach has delivered positive results on the frequency of offending and associated cost across Scotland.

Ongoing success can be maintained with a continued multi-agency approach to operational deployments and information sharing which would identify emerging trends and non-compliance.

The predicted rise in international metal prices could result in increased offending. The steps taken during Operation Scandium will mitigate against some of this increase. However the risk reward ratio is heavily influenced by the reward – criminal or otherwise.

For the thief - the (cash) benefit to be realised from this crime-type compared to other crime types and for the dealers, who can become corrupted as discussed earlier on in the report the reward of increased volumes and (un-taxed) profit by the reintroduction of cash trading as a direct consequence of reduced enforcement activity.

11. Glossary

BMRA – British Metals Recycling Association

BT – British Telecom

BTP - British Transport Police

DVSA – Driving and Vehicle Standards Agency (previously VOSA)

DWP – Department of Work and Pensions

HMRC – HM Revenue and Customs

HOIE – Home Office and Immigration Enforcement

NPCC – National Police Chief Council

SBRC – Scottish Business Resilience Centre

SEPA – Scottish Environmental Protection Agency

SPEN – Scottish Power Energy Networks

SSE – Scottish and Southern Energy