

# BUSINESS CRIME

An inspection of how the criminal justice system deals with business crime in Northern Ireland

October 2017





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October 2017



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## List of abbreviations

<b>ATM</b>	Automated Teller Machine
<b>BIDS</b>	Business Improvement Districts
<b>CCTV</b>	Closed-Circuit Television
<b>CJI</b>	Criminal Justice Inspection Northern Ireland
<b>DoJ</b>	Department of Justice
<b>FSB</b>	Federation of Small Businesses
<b>HMIC</b>	Her Majesty's Inspectorate of Constabulary
<b>HMRC</b>	Her Majesty's Revenue and Customs
<b>NICHE</b>	Computerised record management system used by the PSNI
<b>NICTS</b>	Northern Ireland Courts and Tribunals Service
<b>NIPB</b>	Northern Ireland Policing Board
<b>NPCC</b>	National Police Chiefs Council (which replaced ACPO from April 2015)
<b>OCTF</b>	Organised Crime Task Force
<b>PCSP</b>	Policing and Community Safety Partnership
<b>PPS</b>	Public Prosecution Service for Northern Ireland
<b>PSNI</b>	Police Service of Northern Ireland
<b>RAC</b>	Retailers Against Crime
<b>SMART</b>	<b>S</b> pecific, <b>M</b> easurable, <b>A</b> chievable, <b>R</b> ealistic and <b>T</b> ime-based
<b>SME</b>	Small and Medium Sized Enterprises
<b>UK</b>	United Kingdom



# Chief Inspector's Foreword

Do crimes committed against the business community matter as much as those perpetrated against the individual? The answer to this question must be 'Yes', since the provision of goods and services to the public is currently the mainstay of the economy in Northern Ireland. It is vital that the relationship between the police and the business community who provide these services is open and effective.

Business crime is not victimless nor should it be regarded as an inevitable occupational hazard since it affects individual members of the business community and the losses sustained impact on everyone through higher prices or reduced opportunities for employment and investment. Businesses are increasingly using new technology to help them deliver their services more efficiently and effectively, and criminals are constantly seeking to exploit and profit from the increasing use of digital technology.

Business crime is not a recognisable offence and the broad definition of what it entails has yet to be agreed in Northern Ireland. It can range from shoplifting to fraud, extortion to robbery. We already know that it is significantly under reported for a variety of reasons, some of which seem counterintuitive, especially when security

weaknesses are highlighted or the possibility of reputational damage is involved. Keeping abreast of the opportunities to commit crime and the threats posed by organised criminality remains a challenge for both the business community and the police.

This inspection has shown that the strategic relationship between the various business representative organisations and the police is well established, however the performance at an operational level, with the exception of a small number of dedicated schemes, is personality based with either crime prevention officers or neighbourhood police. This is a real risk in the current economic climate since the flow of information and intelligence between the police and the business community is vital in countering existing and emerging threats.

We have made a number of recommendations which we believe will raise the understanding and importance of business crime to the Northern Ireland economy and improve the policing response.

This inspection was led by Rachel Lindsay and Dr Ian Cameron. My sincere thanks to all those who have supported their work.



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**Brendan McGuigan**  
**Chief Inspector of Criminal Justice**  
**in Northern Ireland**

October 2017



# Executive Summary

Criminal activity affects all types and sectors of businesses; from small individually-run local retailers to large multi-national firms; from urban city centres to rural areas and from businesses with a physical presence to on-line traders. The estimated cost of crimes against business varies, depending on the type of crime, but can be significant to all sectors, types and sizes of business. This inspection looked at the approach of the criminal justice system in Northern Ireland to addressing the issue of business crime, in partnership with businesses themselves.

In the last two years there had been a greater focus on business crime by the Northern Ireland Assembly Committee for Justice, the Police Service of Northern Ireland (PSNI), Department for Justice (DoJ) and Northern Ireland Policing Board (NIPB) culminating in the publication of a Business Crime Action Plan in June 2016. The Action Plan was a positive step forward but Inspectors were concerned it was not sufficiently outcome-focused or 'SMART'<sup>1</sup> and was lacking in sufficient accountability/governance.

Representatives of stakeholder organisations were involved in the development of this Action Plan and the ongoing workstreams arising from it. The PSNI was in the process of developing a

crime prevention strategy at the time of this inspection, which needs to be adopted and delivered to ensure a consistent, long-term and outcome-focused approach. A Rural Crime Partnership had been in place for a number of years and this appeared to be effectively delivering partnership working to address rural and agricultural crimes. Business crime did not feature in the Northern Ireland Policing Plan or the majority of local policing plans.

The PSNI was involved in a large number of partnerships and engagement activities with business representatives from a wide range of sectors. These were particularly focused around

<sup>1</sup> SMART objectives are typically accepted to be **S**pecific, **M**easurable, **A**chievable, **R**ealistic and **T**ime-based.



city centre community safety work but also covered areas of particular crime types such as financial crime, intellectual property and armed robbery. Whilst there was positive feedback from stakeholders about this engagement, the PSNI needs to ensure that success is not just based on the success of specific individuals to maintain an ongoing presence in this important work.

The PSNI was also involved in two schemes to share information about those who perpetrate crimes against retailers. There is a need to ensure that officers are afforded the opportunity to fully utilise these schemes in order to detect and investigate crimes. Positive feedback was received about the role of Crime Prevention Officers in the PSNI and the delivery of crime prevention advice, including work with Policing and Community Safety Partnerships (PCSPs). Under-reporting of crimes against business was high, partly because of perceptions of the ability of the PSNI to respond to calls to service and identify and apprehend the offender. Cross-border activity featured in discussions around business crime, particularly in border areas where there was an element of organised criminality to steal agricultural or plant machinery. Action Fraud was the United Kingdom's (UK) national reporting centre for fraud and concerns were highlighted about its operation.

The process of evidence collection and case building in a crime could be challenging, particularly where crimes were not reported in a timely manner or Closed-Circuit Television (CCTV) or record keeping was of poor quality. A particular issue was raised about 'drive-offs' from fuel stations where individuals did not pay for their fuel, often in error rather than in an attempt to deliberately make off without payment. Work was continuing to address the impact of this work on police resources and Inspectors believe the focus in this area should continue. Delay was, in common with crimes against individuals, a

significant feature in the area of business crime and impacted on the levels of under-reporting. Inspectors recommend that the Business Crime Action Plan should be reviewed to ensure it is more fit for purpose and incorporates actions to address the issues raised in this inspection in relation to 'drive-offs', education for businesses about their responsibilities in relation to crime prevention and good record keeping.

Crime statistics and outcome rates were only available for a small number of crimes that related to businesses specifically. There had been successes in reducing the number of tiger kidnaps and other crime figures were reducing in common with crime more generally, with the exception of shoplifting. The lack of a definition of business crime made such analysis of crime difficult and Inspectors would recommend this should be addressed. A mechanism to survey the views of businesses and work to improve the availability of business crime statistics is also required.

Businesses highlighted a number of concerns about being victims of crime, which was similar to those raised by other types of victims in CJI reports, but also that they felt that business crime was seen as 'victimless' by the criminal justice system. Persistent offenders featured as a concern to retailers, particularly when they were perceived not to receive a significant sanction for shoplifting offences. The Reducing Offending in Partnership model may offer a more targeted approach in this area. Developments in the use of victim impact statements for businesses were underway and could also assist in this area.



# Recommendations

## Strategic recommendations

**1** The PSNI should adopt a crime prevention strategy, within six months of this report, which is designed to ensure a consistent, long-term and outcome-based approach to crime prevention (*paragraph 2.11*).

**2** The PSNI should, in the six months following this report, develop a process whereby officers in all policing districts are able to fully utilise opportunities to detect and investigate crimes committed against retailers by using intelligence sharing schemes, which are underpinned by sound data protection and governance procedures (*paragraph 3.15*).

## Operational recommendations

**1** The PSNI should ensure appropriate succession planning for key roles, as part of the crime prevention strategy, to maintain a long-term engagement with internal and external stakeholders (*paragraph 3.7*).

**2** The Business Crime Action plan should be reviewed within six months of this report with a view to ensuring that the targets/actions within it are 'SMART' and that there is a greater level of accountability/governance for all partners. The review should also consider including the following issues in the Action Plan:

- i) the police response to 'drive-offs' (developing on from work undertaken previously);
- ii) education for businesses about their responsibility to implement crime prevention advice to prevent theft by customers; and
- iii) education about the importance of good record-keeping/monitoring by businesses to prevent employee theft (*paragraph 3.53*).



3

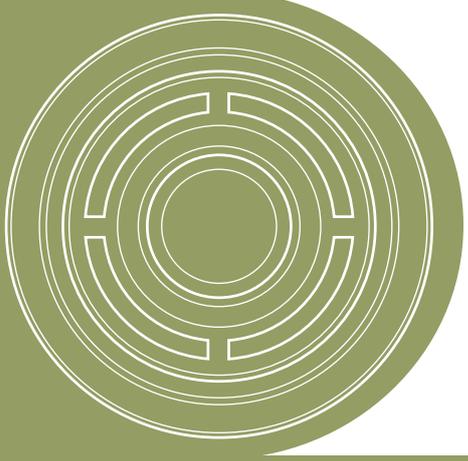
Improvements should be made to the PSNI's analysis of business crime within six months of this report by:

- i) agreeing a definition of business crime with partners;
- ii) delivering a mechanism to survey the views and attitudes of businesses across different sectors in order to improve stakeholder and victim engagement; and
- iii) improving the availability of business crime statistics and undertaking subsequent analysis to develop priorities within the Business Crime Action Plan, drive performance improvements by the PSNI and better inform the business community (*paragraph 4.6*).



4

The PSNI should consider, as part of the Business Crime Action Plan, using the principles of the Reducing Offending in Partnership model to develop a more targeted approach to dealing with persistent shoplifters (*paragraph 4.12*).



# Inspection Report



# Introduction

## What is business crime?

- 1.1 In England and Wales the national policing lead for business crime reduction working with the National Business Crime Forum, the Home Office, and the National Retail Crime Steering Group, chaired by the Minister for Crime Prevention, agreed a new definition of business crime which came into effect on 1 April 2015. The definition is as follows: *'Business crime is any criminal offence that is committed against a person or property which is associated by the connection of that person or property to a business.'* In Northern Ireland the PSNI however had not adopted this definition at the point of this inspection, believing it to be too wide and had therefore not agreed what the Service understood to be a 'business crime'.
- 1.2 This inspection considered the following broad crime areas to be those which impacted upon businesses:
  - Rural and agri-crime, as impacting on farming businesses, including thefts of machinery, livestock, metal etc.
  - Illegal trade including copyright fraud, breaches of licensing laws;
  - Serious and organised crime including fraud, scams, tiger kidnapping<sup>2</sup> etc;
  - Retail crime including shoplifting, criminal damage, violence against retail staff etc.; and
  - Cyber-crime including cyber-enabled and cyber-dependent crime.

Criminal Justice Inspection Northern Ireland (CJI) published a thematic inspection report in November 2014 on how the criminal justice system deals with Serious and Organised Crime in Northern Ireland and therefore this area was not inspected in detail but was considered in the wider context of crimes against business. In parallel with this inspection of business crime CJI conducted an inspection of the criminal justice system's approach to tackling cyber crime (published in June 2017) and therefore cyber crime will not be discussed in this report except where there are specific issues of relevance to the business community.

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2 Tiger kidnaps are the short-term hostage taking of family members of someone who has immediate access to cash or valuables. In such kidnaps the captives are frequently held overnight and the aim of the criminals is to frighten their victims to such a degree that they will not contact the police, even when, as often happens, they have an opportunity to do so.

## Prevalence of business crime

- 1.3 Home Office Counting Rules do not require police forces to record 'business crime' as a distinct category and therefore the PSNI only records specific business crime figures relating to 'robbery of a business property', 'shoplifting' and 'making off without payment'<sup>3</sup>. Other types of crime which have been reported against a business, such as fraud, theft and violence offences, can only be identified on the police recording systems using a search for a business property in the crime location field.
- 1.4 In common with crime trends more generally recent years had seen a decrease in some business crimes recorded by the PSNI. In relation to robbery of a business property, the PSNI's annual statistics published in March 2016 reported<sup>4</sup> a decrease of 26.6% in 2015-16 compared to 2014-15, falling from 248 to 182 offences. It has been noted previously that the majority of robbery of business property offences relate to armed robbery (73% in 2014-15). Within the category of 'all other theft offences' there was a decrease of 428 in offences of making off without payment between 2014-15 and 2015-16 with the level falling to 1,247. Conversely however shoplifting rose by 278 to a level of 6,773, the highest level recorded since the start of the data series in 1998-99.
- 1.5 The 2016 Agricultural Farm Census reported that there were 24,528 farms in Northern Ireland in June 2016<sup>5</sup>. The PSNI agricultural crime figures represent offences of burglary, robbery and theft where the victim is involved in an agricultural-based activity. Overall the number of such offences has shown an overall downwards trend since 2010-11, when 937 such offences were recorded. At 710, the level in 2014-15 was the lowest recorded (24.2% lower compared to 2010-11 and 18.4% lower than when compared to 2013-14).
- 1.6 The most recent Quarterly Update provided by the PSNI<sup>6</sup> stated '*The number of burglary, robbery and theft offences relating to agricultural-based activity has shown an overall downwards trend since 2010-11, when 937 such offences were recorded. The level of 560 recorded during the latest 12 months 1st January 2016 to 31st December 2016 shows a fall of 40.2% when compared with 2010-11. The latest figures are showing a slight increase, with 1st January 2016 to 31st December 2016 being 46 higher than the 514 offences recorded in 2015-16 and seven higher than the figure of 553 recorded during the previous 12 months 1st January 2015 to 31st December 2015*'. In addition it was noted that '*agriculture crime represented 1.7 % of all burglary, robbery and theft offences, compared with 1.5% during the previous 12 months*'.

3 Making off without payment refers to an offence under the Theft (Northern Ireland) Order 1978 whereby an individual knowing that payment on the spot for any goods supplied or service done is required or expected from him, dishonestly makes off without having paid as required or expected and with intent to avoid payment of the amount.

4 PSNI, Police Recorded Crime in Northern Ireland: Monthly Update to 31 March 2016 (Providing final figures for 1st April 2015 to 31st March 2016), Published 12 May 2016. Available online at [https://www.psnipolice.uk/globalassets/inside-the-psni/our-statistics/police-recorded-crime-statistics/2016/march/monthly-crime-bulletin-apr-mar-15\\_16.pdf](https://www.psnipolice.uk/globalassets/inside-the-psni/our-statistics/police-recorded-crime-statistics/2016/march/monthly-crime-bulletin-apr-mar-15_16.pdf)

5 Department of Agriculture, Environment and Rural Affairs, The Agricultural Census in Northern Ireland: Results for June 2016, January 2017. Available online at <https://www.daera-ni.gov.uk/sites/default/files/publications/daera/June%20Agricultural%20Census%202016%20Final%20Results.pdf>

6 PSNI, *Agricultural and Rural Crime in Northern Ireland: Quarterly Update to 31 December 2016*

- 1.7 The Home Office report 'Crime against businesses: findings from the 2015 Commercial Victimization Survey'<sup>7</sup> found a generally steady or downward trend in respect of the occurrences of different crimes against businesses as outlined:
- wholesale and retail premises consistently experienced the highest levels of crime compared with other sectors, but crime against the wholesale and retail sector fell significantly between the 2012 and 2015 survey, showing a steady downward trend over time;
  - the incidence rate of shoplifting offences had not changed significantly compared with the 2012 survey;
  - the proportion of agricultural premises experiencing crime had fallen compared with the 2013 survey;
  - one fifth of businesses in the construction sector experienced crime in the 2015 survey year (compared with two fifths of wholesale and retail premises); businesses were most likely to experience theft from vehicles, burglary and other theft not related to vehicles. Over half of all incidents of crime experienced by this sector were assaults and threats or thefts; and
  - information and communication premises were disproportionately affected by online crime: they experienced the lowest rate of 'traditional' crime but the highest rate of online crime across all sectors surveyed in 2012 to 2015. Furthermore, a third of the 'traditional' crime against this sector was fraud.
- 1.8 A 2008 report by the NIPB<sup>8</sup> presented the findings of a survey of 788 non-agricultural businesses in Northern Ireland. The key findings were as follows:
- 85% of businesses surveyed that said they had been a victim of crime in the last 12 months said they had reported these crimes to the police (this figure is much higher than that reported in other surveys outlined below);
  - the main reasons why businesses had or would not report a crime committed against their business to the police were that they felt there was no chance of catching the criminals (29%) or it would not achieve anything (27%); and
  - the most common crime that businesses reported to the police was burglary/attempted burglary (78%) whilst the most common crime that businesses did not report to the police was threats against staff (82%).

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7 Home Office, *Crime against businesses: findings from the 2015 Commercial Victimization Survey*, Statistical Bulletin 03/16, April 2016 Available at

<https://www.gov.uk/government/statistics/crime-against-businesses-findings-from-the-2015-commercial-victimisation-survey>

8 Northern Ireland Policing Board, *Independent research into crime against businesses*, June 2008. Available at <https://www.nipolicingboard.org.uk/>

- 1.9 A Skills for Justice research report published in 2013 looked at the issue of crime against small businesses in Northern Ireland<sup>9</sup>. The sample used 1,000 businesses with fewer than 50 employees. Small businesses reported relatively low crime rates in the previous 12 months with only 160 respondents (16%) stating they had experienced crime. Theft, criminal damage and fraud were the most common crimes experienced with 76%, 31% and 14% of respondents who had experienced crime stating they had experienced this type of crime.
- 1.10 In August 2016 the Irish Small and Medium Enterprises Association issued the results of its National Crime Survey for the Republic of Ireland<sup>10</sup>. The survey found that 31% of businesses had been the victim of crime in the past 12 months, with 45% experiencing more than two incidents.
- 1.11 A survey of 59 retailers undertaken in a large shopping centre in Northern Ireland in April 2016 found that 71% of businesses had been a victim of crime in the previous year, the majority of which (78%) related to shoplifting.
- 1.12 The British Retail Consortium's Crime Survey report published in 2015<sup>11</sup> stated that *'in 2014-15, our survey sample recorded 750,144 offences resulting in loss or damage to property. Extrapolation of the results from our sample to the whole retail industry suggests that there were an estimated 4.1 million crimes committed against the industry last year'*. It also stated that customer theft accounted for the majority of incidents of retail crime, contributing 83% of the total.
- 1.13 The 2016 Organised Crime Task Force (OCTF) Annual Report and Threat Assessment<sup>12</sup> provided an overview of the involvement of organised crime groups in crimes against business. The report summarises as follows:
- *Armed Robbery*: During the 2015 calendar year, two cash-in-transit attacks; one attempted tiger kidnap; and 11 physical Automated Teller Machine (ATM or 'cash machine') attacks were recorded in Northern Ireland.
  - *Extortion*: Organised Crime Groups, Republican and Loyalist paramilitary groups continue to be assessed as being implicated in taking money from individuals and businesses in Northern Ireland by means of threats.....Local businesses in Northern Ireland are still facing the 'protection racket' blackmail offences.
  - *Tobacco smuggling*: Her Majesty's Revenue and Customs (HMRC) Fraud Investigation Service Northern Ireland secured four successful prosecutions in the year to 31 March 2016.

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9 Skills for Justice, *Crimes against small businesses in Northern Ireland*, February 2013, available at <https://www.sfjuk.com/images/research-reports/2013-2014/Northern-Ireland-Report-Business-Crime-Final-Feb-2013.pdf>

10 Irish Small and Medium Enterprises Association, *ISME National Crime Survey 2016*, August 2016, available online at <https://www.isme.ie/assets/16226-Crime-Survey-Report2.pdf>

11 British Retail Consortium, *BRC Retail Crime Survey 2015*, February 2016, available online at [www.brc.org.uk](http://www.brc.org.uk)

12 Organised Crime Task Force, *OCTF Annual Report and Threat Assessment 2016*, April 2016, available online at [www.octf.gov.uk](http://www.octf.gov.uk)

- 1.14 Retailers Against Crime (RAC) - a not-for-profit organisation established in 1997 to detect and deter crime including acts of violence - suggest that about 40% of incidents reported to them are attributed by criminals often working together in groups, with some members distracting staff while the theft is carried out<sup>13</sup>.

## Reporting levels

- 1.15 The findings of the British Retail Consortium's Crime Survey 2014-15 suggested there is variation in the level of reporting to police by businesses across the different offences:
- *Customer theft*: the survey indicates that round half of customer theft remains unreported;
  - *Fraud*: the report notes '*A significant proportion of fraud suffered by businesses is not reported to police due to a lack of confidence in the law enforcement response*'. It suggests that '*The current Action Fraud reporting system is not fit-for-purpose for businesses, particularly as it does not allow 'bulk reporting' of a large number of fraud reports*' (see further discussion on the role of Action Fraud later in this report);
  - *Cyber crime*: 100% of businesses responding to the survey confirmed they would report a 'significant' cyber attack to the police;
  - *Employee theft*: fewer than 50% of such thefts were reported to the police last year;
  - *Robbery*: the survey found that retailers report 98% of robberies to the police;
  - *Burglary*: an average of 97% of burglaries were reported to the police; and
  - *Violence and abuse against staff*: retailers advised that violence and abuse that does not involve physical violence is typically under-reported, meaning that incident levels are likely to be much higher.
- 1.16 The Federation of Small Businesses (FSB) published its '*Tackling Business Crime: FSB Manifesto*' in March 2016 in advance of the elections for Police and Crime Commissioners in England and Wales in May 2016. This highlighted recent research undertaken by the FSB<sup>14</sup> which found that:
- 24% of small businesses do not report any crime against their business or staff;
  - 33% only report the most serious crimes; and
  - only around one in five reported all the crimes their business and employees experienced.

The report outlined that many reasons were given by members for this reluctance. However, the most frequently cited reason was a feeling that reporting the crime would not achieve anything (46%). Other reasons that were offered, included a perception that the police would not be able to find/mount a successful prosecution of the perpetrators (38%); reporting a crime would be too time consuming (26%); and a negative experience of previously reporting a crime to the police (21%).

13 See <http://www.retailersagainstcrime.org/about-us/>

14 On behalf of the Federation of Small Businesses, Verve surveyed 1006 members between 11-18 January 2016 on their perceptions and experiences of business crime over the last two years.

- 1.17 The National Crime Survey undertaken by the Irish Small and Medium Enterprises Association in the Republic of Ireland (published in August 2016) found that more than one in five crimes go unreported, as a result of 98% reporting a lack of faith in the legal system.
- 1.18 The 2013 survey undertaken for the Skills for Justice report on crimes against small businesses in Northern Ireland asked respondents who had been a victim of crime in the previous 12 months whether they had reported the crime to the police. Around 52% of victims reported the crimes they had experienced to police, 14% reported some of the crime and 34% did not report any of the crime to police. A number of reasons were given for not reporting crime with the highest responses being 'lack of confidence in the police', 'minor crime', and that it was 'too time consuming'.

### Costs of business crime

- 1.19 Businesses incur costs as victims of crime in a number of ways. The obvious cost is that of the loss of goods from the business for example through theft, burglary, robbery etc. However there are also more hidden costs of lost revenue (for example because of the need to close business premises to deal with the crime or where there is a loss of sales because of counterfeit/stolen goods or illegal trading etc.), staff absence (due to ill-health/injury as a result of the crime or time spent dealing with the criminal justice process), increase in insurance premiums, loss of customer confidence in the company and costs of investing in crime/loss prevention to prevent becoming a recurring victim.
- 1.20 Calculating the costs of crime against business is therefore hard to do. This is made even more difficult because not all crimes against business are reported to the police and, even for those crimes that are reported, there is no one offence of 'crime against business'. There are only three specific recorded crimes which can apply solely to business premises; 'shoplifting', 'robbery of business property' and 'making off without payment'. Business crime therefore also encompasses a number of crimes which are recorded to include both domestic/individual victims and business premises. These include non-domestic burglary, other theft offences (for example, blackmail, theft by an employee), criminal damage, going equipped for stealing, fraud and counterfeiting, assaults with or without injury and kidnapping. Home Office counting rules do not require police forces to record whether the victim is a business or an individual and therefore identifying the number of reported crimes against business is usually reliant on manual searches of information technology systems, for example to identify where the address is a business premises.
- 1.21 Research on business crime is generally conducted by trade bodies or member organisations for different business sectors. These use surveys to attempt to ascertain the true scale of business crime (given the levels of under-reporting and difficulties in counting recorded crimes against business as outlined above) and then estimate the costs for the economy. To date, there has been very limited research on business crime in Northern Ireland specifically and most research is at a UK-wide level.

- 1.22 One piece of work conducted locally by the Statistics and Research Branch of the DoJ in 2010<sup>15</sup> gave some indication of costs. This concluded that the estimated total cost of crime in Northern Ireland in 2006 to 2007 was approximately £2.9 billion, £425 million of which was attributed to the cost of crime against businesses in Northern Ireland. This also indicated that fraud and criminal damage constituted the largest cost of crime to business, followed by theft, with burglary also constituting a significant crime.
- 1.23 The survey of retailers undertaken in the large shopping centre in Northern Ireland found that 83% of businesses had suffered from zero to 5% stock loss as a result of crimes against them in the last year. Whilst 67% of the retailers reported that crime had impacted on their business between 'none' and 'low', a further 22.4% had suffered a moderate impact.

### *Costs of crime against small businesses*

- 1.24 The FSB conduct UK-wide member surveys and publishes research reports on a range of topics, including crime against small businesses. In January 2016, the FSB surveyed 1,006 members across the UK on their perceptions and experiences of crime against their business, themselves and their employees (during the course of business) over the preceding two years. This research indicated that:
- 48% were a victim of an offline (non-cyber) crime and 66% were a victim of a cyber crime;
  - FSB members had been a victim of offline crime on average three times and of cyber-crime on average four times; and
  - the average cost to FSB members was nearly £5,898 for offline crimes and nearly £2,976 for cyber crimes.
- 1.25 The 2013 Skills for Justice report commented on the cost of crime against small businesses in Northern Ireland. The report stated that *'Given the figures quoted by respondents, an approximated value of £0.5 million can be placed on the cost of crime for those within the sample. However if those figures are extrapolated out to the 67,955 VAT and/or PAYE registered business in Northern Ireland, taking the average cost to each as £3,627, we arrive at a staggering figure of almost £340 million. The security measures taken by our sample businesses averaged at a cost to each business of £2,284, with some obviously spending a huge amount of money and others none at all. If we added this cost into our estimates for all VAT and/or PAYE registered businesses in Northern Ireland then the amount would reach over £0.5 billion'*.

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15 Department of Justice NI Statistics and Research Branch, Cost of crime in Northern Ireland, July 2010. Available online at <https://www.justice-ni.gov.uk/sites/default/files/publications/doj/cost-of-crime.pdf>

1.26 The Republic of Ireland's National Crime Survey undertaken by the Irish Small and Medium Enterprises Association considered the issue of the costs of crime on business enterprises. The survey found that:

- when questioned in this survey how much direct criminal activity cost their business financially over the last 12 months, the average figure reported was €6,670, (£5,736)<sup>16</sup> down from €9,539 (£8,204) in 2015;
- annual preventative security costs have acted as the biggest factor in the cost of crime, figures from this years' survey show a significant increase from €4,652 (£4,001) in 2015 to €5,428 (£4,668) per enterprise in 2016;
- based on an estimate that there were in excess of 245,000 Small and Medium Sized Enterprises (SMEs) trading at the time of the survey it was calculated that the total direct costs were €499 million (£429 million) in 2016; and
- when including the costs of crime prevention methods the total cost of crime against business in the last 12 months was therefore estimated at €1.83 billion (£1.57 billion).

### *Rural and agri-crime*

1.27 In August 2016 NFU Mutual<sup>17</sup> published its 2016 Rural Crime Report on crime in rural communities in the UK. This reported that:

- rural theft cost an estimated £42.5 million in the UK during 2015 - a slight increase (0.4 per cent) from 2014;
- the worst affected regions remain the North East and East of England, costing £7.9 and £6.9 million;
- the cost of rural crimes in Northern Ireland was calculated at £2.7 million, up from £2.4 million in 2014 with Northern Ireland seeing the biggest rise across the UK, on 2014, with costs increasing by 13%;
- the main costs were incurred from thieves targeting livestock, quad bikes and tractors;
- livestock rustling remains a huge problem with costs stubbornly high in Northern Ireland and the North East and South West of England. At a total cost to the UK of £2.9 million, 70% came from these three regions alone; and
- in 2015 there was a 58% increase in farm vehicle thefts in Northern Ireland compared to the previous year.

The findings of this survey suggest that while the number of crimes reported to police is decreasing, the value of the individual items stolen is increasing. It also suggests that the cost of rural crime in Northern Ireland is rising faster than in the rest of UK and that much of this can be attributed to farm vehicle theft.

<sup>16</sup> Value calculated using Financial Times FX Cross Rate as at 15 August 2016 that valued €1 at £0.86.

<sup>17</sup> NFU Mutual is a major national insurer of the rural and farming community with over 900,000 customers, available online at <https://www.nfumutual.co.uk/news-and-stories/rural-crime-report-2016/>

### Retail crime

- 1.28 The British Retail Consortium surveys its members annually to estimate the costs of crime against the retail sector. This includes members in Northern Ireland who are locally based or part of a wider UK retail operation. Unfortunately Inspectors were advised that it would be cost prohibitive for the Northern Ireland Retail Consortium to extrapolate data purely for Northern Ireland retailers. The 2015 Retail Crime Survey sample covered 51% of the UK retail industry by turnover and accounted for 1.4 million employees. The survey revealed the following key findings:
- the direct cost of crime to the UK retail industry was £613 million in 2014-15, up 2% on the previous year; and
  - the direct cost of crime was reported at being at its highest level on record and more than three times higher than in 2007-08.

### Serious and organised crime

- 1.29 Similarly to other types of crime it is difficult to find data specific to Northern Ireland on the cost of serious and organised crime or the cost of serious and organised crime to business specifically.
- 1.30 A 2013 Home Office research report<sup>18</sup> estimated the social and economic costs of organised crime to be at least £24 billion per year including the following:
- organised fraud costs to the UK are estimated to be substantial (£8.9 billion), and these, along with the costs of counterfeit currency (£7 million) and organised intellectual property crime (£0.4 billion), damage the prospects and reputation of UK businesses and financial services as well as reducing tax revenue; and
  - the six types of organised acquisitive crime<sup>19</sup> (from £27 to £920 million) cause damage to individuals, communities and businesses, whether through the physical and emotional harms caused to victims, the financial losses incurred through disruption of business or the direct losses incurred.
- 1.31 The National Crime Agency National Strategic Assessment of Serious and Organised Crime 2015 reports the following which has relevance to business:
- the cost of serious and organised crime to the UK was assessed in the past at £24 billion<sup>20</sup> and is now likely to be higher;

18 Home Office Research Report 73. *Understanding organised crime: estimating the scale and the social and economic costs*, October 2013 available online at <https://www.gov.uk/government/publications/understanding-organised-crime-estimating-the-scale-and-the-social-and-economic-costs>

19 The six types of acquisitive crime included were: cash and valuables in transit, distraction burglary (which would be more likely to affect individuals than businesses), organised metal theft, plant theft, road freight crime and organised vehicle crime.

20 Home Office Research Report 73. *Understanding organised crime: estimating the scale and the social and economic costs*, October 2013 available online at <https://www.gov.uk/government/publications/understanding-organised-crime-estimating-the-scale-and-the-social-and-economic-costs>.

- money laundering is now considered a high-priority risk in its own right;
- bribery and corruption (including the laundering of the proceeds of corruption, for example by Politically Exposed Persons) is a critical enabler to all criminality types and damages the UK economy;
- fraud continues to cost the UK billions of pounds and remains a high priority:
  - research conducted by the National Fraud Authority amongst a representative sample of 500 (non-financial services) businesses across the UK in 2013 suggested one in four businesses were a victim of fraud, losing an estimated £15.9 billion (1.6% of total UK turnover). Abuse of identity documents continues to be a key enabler used by criminals and therefore a significant threat to the banking industry;
  - insider fraud is increasingly seen as a high risk area for the private sector domestically and globally. The targeting by Organised Crime Groups of an organisation's staff members to coerce them into providing sensitive information and/or to facilitate criminal activity is of concern.
- intellectual property crime is estimated to cost the economy at least £1.3 billion per year in lost profits and taxes but it is difficult to give a precise figure on the scale.

1.32 In Northern Ireland the OCTF Annual Report and Threat Assessment 2016 stated that tobacco smuggling costs over £2 billion in lost revenue each year. This does not however include the costs of losses experienced by businesses selling tobacco products legitimately.

## The CJI inspection

- 1.33 This inspection aimed to investigate how the criminal justice system deals with business crime in Northern Ireland. The methodology for the inspection is contained in Appendix 1. The inspection fieldwork consisted of interviews with stakeholders from across the business community, meetings with representatives of the criminal justice agencies (from the DoJ, PSNI, Public Prosecution Service (PPS); and Northern Ireland Courts and Tribunals Service (NICTS)) as well as meetings with representatives from PCSPs.
- 1.34 Within the PSNI Inspectors visited four policing districts (Belfast City, Derry City and Strabane, Fermanagh and Omagh and Mid-Ulster) and spoke to Local Policing Team officers, Sector Inspectors, the Chief Inspector(s) responsible for engagement and the District Commander. The inspection was undertaken in parallel with an inspection of how the criminal justice system deals with cyber crime in Northern Ireland because of the large overlap between the two areas (with cyber crime having an impact on business as well as on individuals in a personal capacity). The Terms of Reference (see Appendix 2) therefore reflects this approach.



# Strategy and governance

## Community Safety Strategy

2.1 One of the three aims of the DoJ's 2012-17 Community Safety Strategy<sup>21</sup> was to help build '*Safer communities with lower levels of crime and anti-social behaviour*'. This included an outcome to '*Make our neighbourhoods, town and city centres and rural communities safer by reducing the opportunities to commit crime*'. The commitments for this referenced addressing business crime and the business community in both the medium to long term (3-5 years) to:

- ensure that town and city centres are safe and welcoming spaces for all; and
- support safer rural communities.

and in the short term (0-2 years) to:

- work in partnership with the business community to identify priority areas and target projects to reduce business and retail crime;
- promote schemes to improve our town centres including the Purple Flag and Business Improvement Districts (BIDS);
- work in partnership with rural groups to prevent and reduce rural crime; and
- design out crime to ensure homes and businesses are safe.

2.2 The most recent Action Plan for the Community Safety Strategy (2015-17) included a number of actions under the area of 'Business and Rural Crime' which were being led by the Delivery Group, OCTF, PCSPs and Rural Crime Partnership.

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21 2012-17 Community Safety Strategy, Department of Justice, July 2012 available online at <https://www.justice-ni.gov.uk/publications/community-safety-strategy-2012-2017>.

## Programme for Government

- 2.3 More broadly across government the draft Programme for Government (2016-21) had a focus on the role of business in Northern Ireland. Outcome One was *'We prosper through a strong, competitive, regionally balanced economy'* however there was no mention of crime prevention or reduction in the discussion around this outcome. Outcome Seven stated *'We have a safe community where we respect the law and each other'* and the narrative around this included *'A safe community where we respect each other is also an essential requirement for a vibrant and sustainable economy. We want investors and business to thrive in every community, and we want people to have opportunities open to them wherever they live. This depends on communities being free from crime and antisocial behaviour and from the threat of accidents and major incidents'* which has a clearer link to business crime. There is therefore clearly a role for government departments and agencies, other than the DoJ, such as the Department of the Economy, to play in preventing and reducing crime.

## Northern Ireland Assembly Committee for Justice Business Crime Stakeholder Event

- 2.4 In May 2015 the Committee for Justice held a stakeholder event with representatives of the business community and the PSNI. Following the event, in December 2015, the Committee issued a press-release and recommended three strategic actions to address the issues raised. These were as follows:
- development of a Business Crime Strategy/Business Crime Plan for Northern Ireland;
  - improved strategic partnership working through either:
    - i. a Partnership Forum; or
    - ii. a dedicated Assistant Chief Constable for business crime to provide ongoing engagement; and
  - the adoption and use of an agreed definition of business crime to provide for improved and consistent data collection and analysis regarding scale and impact.
- 2.5 The PSNI had begun working on a Business Crime Action Plan (which incorporated the third strategic action; see over) and the Belfast City District Commander was appointed as strategic lead for business crime. As a result of these recommendations the PSNI commenced collaborative working with the DoJ, the NIPB and the business community. The PSNI strategic lead was responsible for chairing the stakeholder meetings held with the business community to develop the action plan.

## Business Crime Action Plan

- 2.6 In June 2016 the Business Crime Action Plan for 2016-17 was jointly launched by the Justice Minister and the Chair of the Northern Ireland Policing Board. The Action Plan had been developed in partnership with the DoJ, the NIPB, the PSNI and the business community. It included a range of actions/targets in three main areas of Protection and Prevention; Information and Assurance; and Enforcement. The Action Plan was developed through a series of meetings and working groups which included representatives of both statutory bodies and businesses representing a range of sectors including retail, small businesses, hospitality and commerce, trade and industry. It was to be reviewed on an ongoing basis at meetings between the DoJ, NIPB, the PSNI and the business community to assess progress against the actions/targets and determine whether additional or alternative issues needed to be included.
- 2.7 CJI welcome the partnership approach taken in developing the Action Plan and the efforts by the DoJ, NIPB and the PSNI to consult and work with the business community. However, Inspectors remain concerned that the actions/targets were too process (rather than outcome) focused with most not considered to be 'SMART'. In addition, Inspectors believe that the number of actions/targets in the Action Plan is too large and potentially unachievable (29 in total), without priorities being in place, and that there is a lack of accountability and governance over the actions/targets. For example, there is limited clarity as to who is ultimately accountable for each action/target (in some cases responsibility for each action/target sometimes falls to two, three or as many as five different organisations). The PSNI advised Inspectors that accountability occurred through the update meetings of the Business Crime Partnership where each strand was examined and persons responsible held to account. Inspectors also feel that some areas, which were highlighted during the course of the inspection as being important for statutory organisations and/or the business community, are not included in the Action Plan which would merit further consideration (see further discussion on this in Chapter 2). Inspectors found that not all District Commanders were aware of the Action Plan and therefore there is further work to do to raise awareness within the PSNI.
- 2.8 There remained uncertainty about the definition of business crime as the PSNI had not adopted the definition agreed by the National Police Chiefs Council (NPCC) as highlighted in the Introduction section to this report. Inspectors appreciate the difficulties with this definition, which could widen the scope of business crime, but believe that a working definition would assist the PSNI in identifying the scale of the problem and providing some analysis of the scale of the issue and the types of crimes that affect business most frequently. As current crime figures stand, as mentioned above, it is very difficult to undertake this kind of analysis. Whilst Inspectors appreciate that the PSNI have rightly moved away from a sole focus on crime statistics it is hard to see how, without such quantitative assessment, that decisions about priorities for the Business Crime Action Plan and allocation of resources in crime prevention and local policing teams can be made. This will be discussed further in the Outcomes chapter of this report.

## Crime Prevention Strategy

- 2.9 The 2016 Her Majesty's Inspectorate of Constabulary (HMIC) report on PSNI efficiency and effectiveness<sup>22</sup> considered how well the service was managing demand. The report noted the following in relation to crime prevention: *'The PSNI does not have a crime prevention strategy. The focus of the PSNI and partners in the police and community safety partnerships (PCSPs) has been on traditional crime prevention aimed at 'target hardening' and personal protection to reduce repeat victimisation and victimisation of vulnerable people. This is important in the support of victims, but needs to be underpinned by work with partners to address the broader causes of criminality and victimisation.'* It then went on to discuss the importance of partnership working, in particular with district councils under new community planning powers, and the start of work in this area.
- 2.10 This inspection considered the area of crime prevention, particularly the work of the Crime Prevention Officers, as it related to business crime and this will be considered in greater detail in the Delivery chapter (see Chapter 3). Crime prevention is a broader concept than just that of the idea of delivery of crime prevention messages by police officers and Crime Prevention Officers. The National Policing Crime Prevention Strategy, published in July 2016 by the NPCC, defines the aim of preventative policing as *'Fewer victims, fewer offences, and less demand on policing achieved by addressing the causes of crime, utilising sophisticated partnership oriented problem solving'*. This lists the core deliverables as:
- reducing demand - through effective, sustainable problem solving;
  - primary crime prevention;
  - secondary crime prevention; and
  - tertiary crime prevention - managing those who pose most risk.

The second of these would include traditional crime prevention methods and designing out crime.

- 2.11 At the time of the inspection the PSNI had drafted a Crime Prevention Strategy which was signed off after the fieldwork was completed. This included high level strategic objectives; one of which included social and physical crime prevention as well as the use of the Reducing Offending in Partnership strategy. At the time of the inspection however the translation of this strategy into operational practice or outcomes, as intended once the strategy was signed-off, was still outstanding. Inspectors therefore did not see any explicit priorities in place to direct the work of the Crime Prevention Officers or to set out the focus for crime prevention activities. This will be discussed in more detail in the following chapter on Delivery.

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22 HMIC, PEEL: Police effectiveness, An inspection of the Police Service of Northern Ireland 1–5 February 2016, published August 2016 available online at <http://www.justiceinspectors.gov.uk/hmicfrs/publications/peel-police-effectiveness-police-service-of-northern-ireland/>.

## Strategic recommendation 1

**The PSNI should adopt a crime prevention strategy, within six months of this report, which is designed to ensure a consistent, long-term and outcome-based approach to crime prevention.**

### Organised crime

- 2.12 The National Crime Agency National Strategic Assessment<sup>23</sup> provides a comprehensive picture of the risk posed to the UK and its interests by serious and organised crime. It informs both the national response – what the priorities are and what action will be taken – and the expected results – how success will be measured. The Strategic Assessment informs the National Control Strategy for 2016-17. This Strategy prioritises, as Priority Band 1, 2 or 3 the threats and cross-cutting enablers identified in the National Strategic Assessment. The National Control Strategy provides a framework that informs the deployment of the UK's resources against the highest risks. Many of these threats were relevant to business organisations. The national Band 1 priorities for 2016 included high-end money laundering, fraud against the public sector and fraud against the private sector. Priority Band 2 threats included cash-based money laundering, insider dealing and marketplace abuse and fraud against the individual and Band 3 threats included domestic bribery and corruption, organised vehicle crime and commercial robbery. Cyber-crime in various forms also featured at Band 1 and 2; some of which would impact on UK business.
- 2.13 The 2016 Northern Ireland Organised Crime Strategy developed by the OCTF includes a strategic aim to target specific organised crime threat areas which included specific areas in relation to fuel fraud, tobacco/cigarette crime and armed robbery, tiger kidnap and ATM physical attack incidents. In common with the Business Crime Action Plan, as highlighted previously, Inspectors found the Strategy to be too process (rather than outcome) focused with targets that were not SMART and there appeared to be a lack of accountability over the delivery of the specified actions/targets.

### Rural Crime

- 2.14 The approach for dealing with rural crime was led by the Community Safety Strategy; there was no specific DoJ strategy in this area. A Rural Crime Partnership was in existence which included members from the PSNI, the DoJ, the Department of Agriculture, Environment and Rural Affairs, the Ulster Farmers' Union and NFU Mutual. This group worked to identify issues of concern and to develop and support pilot initiatives to tackle agricultural crime. This included the provision of funding, through PCSPs for initiatives and crime prevention activities.

23 National Crime Agency, National Strategic Assessment of Serious and Organised Crime 2015, June 2015 Available online at <http://www.nationalcrimeagency.gov.uk/publications/560-national-strategic-assessment-of-serious-and-organised-crime-2015/file>.

- 2.15 In March 2016 as part of the Fresh Start Agreement a cross-jurisdictional Joint Agency taskforce was set-up which then led to the updating of the Cross Border Policing Strategy<sup>24</sup> launched in September 2016. This included an objective, within the Policing with the Community in Rural Areas section to *“Continue to build on existing practical cooperation to develop a joint An Garda Síochána/Police Service of Northern Ireland Crime Prevention Strategy for the border region which will assist the joint An Garda Síochána/Police Service of Northern Ireland Tasking and Coordination group”*.

## Annual and Local Policing Plans

- 2.16 The NIPB Policing Plan for 2016-17 did not include any strategic outcomes or measures specifically in relation to business crime. Outcomes were included which referred to the requirement for the Chief Constable to report to the Board on initiatives, interventions and outcomes in relation to cyber dependent, enabled and facilitated crime and to increase the number of organised crime groups whose activities have been frustrated, disrupted and/or dismantled. These may have an impact on crimes against business but this is not explicit.
- 2.17 Similarly Local Policing Plans as developed between PCSP Policing Committees and local police districts did not include specific references to business crime. Some Policing Plans in rural areas included references to rural crime, but again this was not explicitly relating to businesses. This had, however led to engagement and crime prevention activities with the farming community (see further details in Delivery chapter). In meetings with PCSP Managers Inspectors were told that there was limited input from the business community at PCSP meetings, with very few PCSP members being representatives from local business. There therefore appeared to be limited interest by communities in business crime issues at a local policing and district level.

## Criminal Justice Agency policies

- 2.18 None of the criminal justice organisations inspected (the PSNI, PPS and the NICTS) had specific policies or procedures in relation to business crime. This is understandable given that business crime is not, in of itself, a specific crime. Other policies and procedures, for example in relation to the approaches to dealing with victims and witnesses and investigating and prosecuting crimes, continued to be relevant in this area. As these are areas all inspected by previous CJI reports, these were not considered in detail. Only where issues were unique to business crime did CJI consider them specifically.

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24 PSNI/An Garda Síochána Cross Border Policing Strategy, March 2016 available online at <https://www.justice-ni.gov.uk/publications/cross-border-policing-strategy>.



# Delivery

## Engagement with business

- 3.1 CJJ Inspectors asked District Commanders, Sector Inspectors and Chief Inspectors in policing districts about engagement with their local business community. Examples were given of a wide range of engagement activities undertaken with forums and groups in relation to city centre and town centre management and partnerships, night time economy and licensed premises, retail and trade groups. In addition the PSNI had been involved in work to develop plans for a Business Improvement District in Belfast.
- 3.2 In respect of other engagement and crime prevention work the PSNI had, until recently, had a single point of contact for crime prevention who had been involved in a wide range of partnerships including with other statutory organisations. In addition, specialists from other PSNI departments (for example, in respect of organised crime, economic crime etc) also attended engagement events with relevant groups. The following points list a summary of this activity:
- *Organised crime* - OCTF Armed Robbery sub-group, OCTF Criminal Finance sub-group, OCTF Intellectual Property Crime sub-group, Cash in Transit and Banking Group, Northern Ireland Utilities Working Group;
  - *Retail Crime* - Retailers Against Crime Steering Group, Business Crime Partnership; Belfast City Centre Management;
  - *Financial crime/fraud* - OCTF Cyber Crime industry group, presentations to Law Society for Northern Ireland members, meetings with Credit Union organisations, Bookmakers Security Forum; and
  - *Agricultural crime* - Rural Crime Partnership, cross-border group into livestock theft.
- 3.3 Inspectors were advised about the large number and range of groups the PSNI was involved with, particularly in the larger urban areas. In many cases this had led to excellent levels of cooperation in terms of planning of local events, crime prevention and detection and information-sharing about criminal activity. In Belfast there was a Service Level Agreement in place through which Belfast City Centre Management funded the City Centre Beat Initiative; providing two additional police officers to patrol the city centre. Their focus, through the Service Level Agreement, was on a number of key performance indicators, including traffic issues, business liaison, engagement meetings, addressing on-street drinking, rough sleepers, begging etc. and street trading.

- 3.4 The PSNI expressed difficulties in being able to achieve and maintain a similar level of engagement in rural areas, due to the lack of pre-existing groups or critical mass of businesses in an area. Some examples were given of businesses refusing to report crimes to police, meet with police to receive crime prevention advice or work with other businesses to deter, detect and prevent criminal activity in the vicinity of their business.
- 3.5 Similarly in terms of PCSP activities and interventions CJI were told of mixed success at events specifically targeted at businesses. There had been good engagement with the farming community at Farmers' Marts where PSNI officers had attended to provide crime prevention advice and PCSPs/DoJ had funded trailer and machinery marking and promoted FarmWatch. In one policing district the PCSP had developed a DVD regarding rural crime. The PSNI were also involved in circulating messages to the farming community via the Text Alert scheme. Inspectors were advised there had been good take-up of these schemes, particularly where there was no cost to the recipients.
- 3.6 However in terms of engagement with other businesses, Inspectors heard of very poor take-up at PCSP events. In one example given an event was organised in the evening, to facilitate the availability of local business owners, but Inspectors were told only two people attended. It is important that businesses support such engagement events with local police and community partners in order to seek improvements to the services they receive or to avail of crime prevention advice. In contrast, during the period of the inspection fieldwork, the PSNI ran three events raising awareness of cyber-crime in Belfast, Sprucefield and Derry/Londonderry in partnership with GetSafeOnline, that were well attended (albeit these were also aimed at members of the public as well as businesses). Inspectors were advised that there was no longer a Text Alert system in every police district although one district was looking to re-introduce this with funding from the PCSP.
- 3.7 Another concern raised by several business representatives was that, in some cases, this excellent engagement was led by one or two committed individuals and that when they moved post or retired (as had happened in two cases) the contact with the PSNI was lost and there was a vacuum. The PSNI's Crime Prevention Design Advisor had retired in early 2016 and had not been replaced. Businesses raised particular difficulties in knowing who to contact with intelligence or suspicions about criminal activity, which may not appear worthy of a formal request for service from police but which they felt they wished to share with the PSNI. This difficulty links to the issue raised previously about the lack of a comprehensive Crime Prevention Strategy, which would ensure that the good work that had been done and contacts built up were not lost.

## Operational recommendation 1

**The PSNI should ensure appropriate succession planning for key roles, as part of the crime prevention strategy, to maintain a long-term engagement with internal and external stakeholders.**

- 3.8 In addition a number of business representatives raised the issue of reduced contact with local police. Many felt that the reduction in numbers of Neighbourhood Policing Teams and move to Local Policing Teams had eroded relationships between businesses and local police. Others mentioned that the closure of police stations in rural areas particularly was a cause for concern. Some examples were given of where it was difficult to contact local police or a lack of proactive contact to individual branches of a business. In most cases the issue of reduced contact could be related to perception rather than actual experience but emphasised the need for Local Policing Teams to build relationships with local people as a priority.

## Intelligence sharing

- 3.9 The PSNI were members of a national retail crime partnership, Retailers Against Crime (RAC), a not-for-profit organisation established in 1997 to detect and deter crime including acts of violence. RAC shared information on local and travelling suspects who commit crime, to its members, crime partnerships and police throughout the UK. At the time of the inspection RAC had schemes running in Northern Ireland, Scotland and the North West of England. Members included large UK and/or Republic of Ireland-wide retailers such as major supermarkets, high street chains and shopping centres as well as the relevant police service. The PSNI held an information sharing agreement with RAC which was reviewed in 2016.
- 3.10 The scheme comprised a database collating information from its members on persons committing crime and acts of violence in the workplace. Analysis was undertaken of the information received and documents produced detailing images of the most active suspects, which was circulated to members. Information was circulated either in hard copy format within a folder of information and/or online via the RAC website secure member's area. RAC was registered with the Data Protection Authority and there was a Code of Practice, operating guidelines and procedures in place governing the scheme. Inspectors were given examples from the two other RAC schemes in the UK where there had been positive outcomes from the information sharing partnerships in the areas of identification of individuals, detection of prolific offenders, assistance with proceeds of crime cases and identification and locating of missing persons.

- 3.11 In addition to membership of RAC several national retailers as well as local independent companies in city centres (for example, in Belfast) were members of an initiative called the Retail Crime Watch. In Belfast the scheme was run by Belfast City Centre Management. This focused on building a retail partnership and managing exclusion orders for prolific shoplifters. This was achieved partly by sharing photographs, securely, of known shoplifters amongst members as well as an exclusion order scheme. Under this scheme individuals who had been caught shoplifting were offered the opportunity to accept an exclusion order preventing them from entering the premises for 12 months (see paragraphs 3.25-3.29).
- 3.12 There was a perception, by both schemes, that the knowledge of both the RAC and Retail Crime Watch within the PSNI and usage of the intelligence provided was limited. For example there had been good links between the RAC Regional Executive and the PSNI Crime Prevention Design Advisor, who had been a member of the regional steering group, but as highlighted above this contact had been lost since the retirement of that individual.
- 3.13 In Belfast Area Command Retail Crime Watch was well embedded as it had been in operation for 13 years. Inspectors however initially found reluctance, from those aware of RAC in the PSNI, to fully embrace the information opportunities it offered. It was also suggested that where information was shared this tended to be one-way; from RAC to the PSNI and not the reverse. As mentioned above the information sharing protocol had been reviewed in 2016 and by the end of the fieldwork there appeared to be a greater commitment from the police to make use of the scheme. Inspectors were aware that the PSNI was also putting in place arrangements to pilot a third scheme entitled 'Facewatch'<sup>25</sup>.
- 3.14 In general business representatives highlighted that there was not good use internally by the PSNI of information regarding suspects. Examples were given of where investigations could be ongoing in two or more different policing districts but the cases were not identified as being connected and therefore the investigations occurred in isolation. This is particularly the case where the crimes are being perpetrated by persistent offenders, travelling crime gangs or organised criminals who use their movements around different areas to avoid detection.
- 3.15 Whilst it is not for CJ1 to direct the PSNI to utilise any one particular partnership, Inspectors believe that by not fully utilising the intelligence held by such member partnership schemes they are missing an opportunity to detect and investigate criminality, target prolific shoplifters and assist in the location of missing persons. Inspectors were surprised, for example, that the PSNI had not availed of the apparent opportunity to achieve a number of crime clearances across Northern Ireland by using details on the RAC database.

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25 Answer given to Northern Ireland Assembly Question AQW 5841/16-21, available online at <http://aims.niassembly.gov.uk/questions/weeklywrittenresults.aspx?&fd=04/11/2016&s=19&m=01/11/2016 00:00:00>

## Strategic recommendation 2

Inspectors would therefore recommend that **the PSNI should, in the six months following this report, develop a process whereby officers in all policing districts are able to fully utilise opportunities to detect and investigate crimes committed against retailers by using intelligence sharing schemes, which are underpinned by sound data protection and governance procedures.**

### Crime prevention advice

- 3.16 In the main Inspectors heard positive feedback about the work of the PSNI Crime Prevention Officers, both from within the PSNI from local policing teams and from external sources such as PCSPs and business representatives. The willingness to attend requests for their services, their helpfulness and the quality of the advice provided was highlighted to Inspectors, however the reduction in numbers was a cause for concern.
- 3.17 Crime Prevention Officers themselves estimated that attendance at business premises only constituted about 20% of their time. Their priorities were set by District Commanders and tended to focus on individual victims of crime, particularly where they were vulnerable or elderly people, rather than proactive work or engagement with businesses. There appeared to be limited coordination, communication or information sharing from any central department in the PSNI; again the Crime Prevention Officers highlighted the retirement of one of the officers mentioned above as a recent significant loss as he had been a point of contact and a conduit for sharing information with them.
- 3.18 The Crime Prevention Officers had been involved in a number of significant initiatives undertaken by the PSNI in the last few years. One of these was the SafeShop scheme; an initiative where the PSNI *'work with retailers and staff to combat crime and promote a safer working environment. Safe Shop promotes the principles of 'Prevent, Detect and Deter' and provides retailers with practical advice on how to protect their business from crime.'*<sup>26</sup> SafeShop had been rolled out as part of the Business Crime Action Plan by Crime Prevention Officers and officers in Local and Neighbourhood Policing Teams in partnership with PCSPs and local retail associations or city centre management companies in some areas.
- 3.19 In addition Crime Prevention Officers had attended Farmers Marts, alongside Local Policing or Neighbourhood Policing Officers and PCSPs, to offer crime prevention advice specifically to members of the farming community, to promote the Farm Watch Scheme and to deliver trailer marking. They had also been trained as Architectural Liaison Officers to give crime prevention advice in relation to new buildings or development of existing buildings.

26 See further details on PSNI website at [https://www.psni.police.uk/advice\\_information/business-crime/protect-your-stock/safe-shop/](https://www.psni.police.uk/advice_information/business-crime/protect-your-stock/safe-shop/)

- 3.20 Officers from Local Policing Teams had not been given specific training in crime prevention but tended to use their 'common sense' when dealing with victims of business crime. They suggested that they would request the services of the Crime Prevention Officer if specific advice was required.
- 3.21 Concerns were raised by Crime Prevention Officers and Local Policing Team officers, as well as by security/loss prevention managers within some businesses, about the lack of take-up of the crime prevention advice offered. Examples were given of business practices which focused on attracting customers to the store and building customer loyalty and the business brand but increased the opportunities for criminality. For example, a recent article suggested that up to a third of customers regularly steal when using self-checkouts in supermarkets<sup>27</sup>.
- 3.22 In respect of theft in rural areas, Inspectors heard there could be improvements made in the security measures incorporated into the design of agricultural machinery and plant and the method by which such equipment and livestock were monitored and kept safe. Inspectors appreciate that businesses have to focus on maximising profits but where this comes at the expense of crime prevention, it has knock-on impacts beyond the business itself. This is discussed further at paragraph 3.44.
- 3.23 Finally Inspectors were advised that there was a certain level of suspected insider fraud or employee theft within business and industry, which was hard to detect or prove. This included employee fraud, false claims of loss for insurance purposes or to avoid enforcement inspections, usage of illegal waste facilities or knackeries, illegal trading at licensed premises or selling of stolen goods. These activities have a knock-on effect on individual businesses themselves, who are victims of their own staff activities or of other businesses who are attempting to do business legitimately. Whilst the Business Crime Action Plan raises the issue of crime prevention on several occasions in the 'Prevention and Protection' section, the focus appears to be on the PSNI providing such advice rather than an onus on businesses to implement it.
- 3.24 The PSNI had updated its website, with input from business representatives, and created specific sections on business crime, cyber crime and fraud. These pages included a range of crime prevention advice on the website, a downloadable copy of the Business Crime Action Plan and other relevant documents, crime prevention leaflets, details of emerging scams and threats and links for further information and to relevant organisations. There was also an area of the PSNI website dedicated to cyber crime. This was an excellent resource with a wealth of information for use to businesses and a useful method of keeping them up to date with emerging threats in these areas.

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27 Emmeline Taylor, Supermarket self-checkouts and retail theft: The curious case of the SWIPERS, *Criminology & Criminal Justice*, Vol 16, Issue 5, 2016.

## Exclusion orders

- 3.25 Retailers in Belfast City Centre who were members of Belfast Retail Crimewatch were able to avail of the Retail Crimewatch Exclusion Order scheme and within this, one of the large shopping centres had its own Exclusion Order scheme. In this type of scheme an exclusion order could be served on any individual that committed crime within the shopping centre or a specific retail outlet (for example, an arrested shoplifter). Once served on the individual, the store or shopping centre staff could enforce the order by requesting that the individual left the area they were excluded from if they attempted to enter. Businesses saw this as a method of preventing further offending on retail premises by known shoplifters as well as affording the opportunity for the individual to be prosecuted for burglary rather than theft (and therefore potentially receive a more significant sentence if convicted) if caught shoplifting again.
- 3.26 Concerns were raised that the PSNI or PPS were reluctant to use the exclusion order as evidence to support a prosecution for burglary. The Business Crime Action Plan contained an action/target regarding *'increased use of civil exclusion orders, for example, through Retail Crime Watch'* but this was the allocated responsibility of the business community. Inspectors were advised that in 2016 up to October there had been 143 exclusions issued by retailers, which compared to 333 exclusions for 2014-15 and 326 exclusions for 2013-14. There had not, however, at the time of writing this report been any images or research shared from the PSNI regarding exclusion orders since May 2016 as the Information Sharing Agreement had expired and therefore the PSNI was unable to share such information. All parties need to be proactive in ensuring Information Sharing Agreements are not allowed to lapse.
- 3.27 The PPS advised that 15 prosecution decisions had issued between 1 April 2013 and 31 March 2016 for offences related to burglary where there had been an evidence description of a Retail Crimewatch Exclusion Order. The PPS prosecutors spoken to were aware that there had been cases received from the PSNI in which exclusion orders had been mentioned in the outline of case (although this was more likely in Belfast) but they were not always supported by proper procedures. Local Policing officers told Inspectors that as there was no record of exclusion orders on NICHE they were reliant on businesses to advise them there was one in effect. In Belfast it was suggested that it was difficult to prove that the order had a legal basis or that there was an offence of trespass unless it was proved that the defendant was in an area not open to the public (for example, a stockroom). Inspectors were advised that courts took differing attitudes to this and that there had been some successful prosecutions, but these were rare.
- 3.28 If increasing of the use of exclusion orders as stated in the Business Crime Action Plan is to be a worthwhile exercise for retailers, it is important that their expectations are managed as to how likely it is that the serving of an exclusion order will result in a successful prosecution for burglary. Of course it is difficult to assess the usefulness of the orders more generally (for example, figures are not available to indicate how many times the orders have been successfully used to remove an individual from a store or shopping centre instead of a crime being committed) however concerns about the legal standing of the exclusion orders in their present format may exist.

- 3.29 Inspectors were advised that representatives from the business community, who were members of the Business Crime Action Plan working group, had written to the Attorney General and he had provided some advice about improving the wording of an exclusion order in use by a major Belfast shopping centre. Inspectors would welcome such activity which aims to enhance the approach to preventing criminality and the actions within the Business Crime Action Plan should take cognisance of these developments.

### Reporting and first responder attendance

- 3.30 Inspectors heard evidence that there were high levels of under-reporting of business crime. The reasons for this varied and depended on the business and sector in which it operated. In some cases business representatives advised that they did not believe that the offender would be caught or that there would be delays in the process (for example, in police responding or in cases getting to court). In some examples businesses were reluctant to report for fear of reputational damage (for example in relation to businesses being victims of cyber-crime or fraud where other customers may be left with a perception that the business did not keep their personal or account details secure). In others the sheer volume of crimes reported to the business (for example in relation to credit card fraud) meant that it would be too time-consuming for the business to report every occurrence to police or to Action Fraud and therefore the loss was accepted as a normal business operating cost. Finally, some businesses accepted a certain level of loss before reporting to police (for example setting a threshold of loss of goods or fraud before they reported). In some of these cases, where there was instances of theft, burglary or robbery, it would be more likely that the loss of a higher value item or items would be more likely to be reported in support of an insurance claim for loss.
- 3.31 There were examples given of delayed reporting by some businesses where police would be called to a shoplifting incident, only to find that someone in the store had undertaken a review of CCTV footage and had discovered a number of suspected crimes committed. These types of delayed or under-reporting activities have the potential to mask the extent of the problem, thereby leading to possible under-counting of crime figures and business crime receiving a lower priority than it may require. In addition it can also limit investigative opportunities available to police.
- 3.32 Inspectors heard that the timeliness of attendance by first responders could vary greatly depending on what resources were available and what other priority calls police were attending to. Police acknowledged that often other calls took priority and advised that resources would be dispatched more quickly if the suspect had been detained by shop staff and was being violent. Some businesses advised that their security staff would detain shoplifters in the store if possible until police arrived, but on occasions had to let them go if police attendance was delayed or if there was likelihood that staff would be injured.

- 3.33 The enforcement of licensing legislation was raised by the representative body for licensed traders (i.e. pubs, clubs, licensed restaurants and hotels), Hospitality Ulster, but did not feature in discussions with other stakeholders. It was recognised that some individuals in the PSNI took issues regarding licensing seriously but that in others there was a lack of operational priority or insufficient resources to address breaches of licensing laws. It is important that the views of all types of businesses, including licensees, are represented on the Business Crime Action Plan.
- 3.34 In addition CJI has undertaken previous work in the areas of the enforcement of environmental crime and road traffic legislation by the Department of the Environment<sup>28</sup> (work which has since transferred to the Department of Agriculture and Rural Affairs and the Department of Infrastructure respectively). These types of enforcement activities attempt to reduce illegal practices by businesses in the areas of, for example, waste management, haulage and regulation of transportation. As with the issue raised regarding the licensing of the hospitality industry, a lack of enforcement of business practices impacts can aid illegitimate business or encourages wider non-compliance by those trading legally.
- 3.35 Begging and homelessness were also raised as issues which impacted on businesses but which were impossible for police to address alone. In some areas, for example Belfast City Centre, there had been a partnership approach to tackle the underlying causes of begging and homelessness, with the PSNI using enforcement options where appropriate to do so.

### Cross-border issues

- 3.36 Inspectors were advised during the fieldwork that there was a significant cross-border element to business crime in many areas. For example it was suggested that movement of stolen goods across the border into the Republic of Ireland was used to temporarily conceal them, when they were ultimately destined for continental Europe. Travelling criminals who moved back and forth across the border to avoid detection by police were also cited as operating in Northern Ireland perpetrating crimes against retailers, thefts, frauds, the sale of stolen property and fuel smuggling.
- 3.37 The challenge of policing border areas, where the border was used to avoid apprehension by police or facilitate the retrieval of stolen property, was commented on by stakeholders and the PSNI. The work of the Northern Ireland/Republic of Ireland Joint Agency taskforce had led to joint operations in 2016 in relation to organised crime gangs and rural crime. Inspectors heard from PSNI policing districts in border areas that there was good cooperation with partners in An Garda Síochána, which had been utilised during policing operations and after reports by the public of stolen farm or plant equipment or of travelling criminals involved in shoplifting and selling stolen goods. In some cases cited however it was difficult to track stolen property, for example farm equipment or livestock, and in some cases it was moved to continental Europe before the owner had even realised it was missing. Cross-border issues have previously been discussed in CJI's 2014 inspection report on how the criminal justice inspection deals with serious and organised crime<sup>29</sup>.

28 See for example CJI's reports on A Review of the Northern Ireland Environment Agency's Environmental Crime Unit (May 2015), Enforcement in the Department of the Environment (report October 2007 and follow-up review November 2011), available online at [www.cjini.org](http://www.cjini.org).

29 Available online at <http://www.cjini.org/CJINI/files/4e/4e668867-6095-4687-9bf5-61fb05973478.pdf>.

- 3.38 The PSNI had also engaged in other partnership work with An Garda Síochána in including them in SafeShop training and joint training for designing out crime.

## Action Fraud

- 3.39 Action Fraud has been designated the UK's national reporting centre where members of the public reported fraud if they had been scammed, defrauded or been the victim of cyber crime. On 1 April 2015 Action Fraud assumed responsibility for the central recording of fraud offences previously recorded by the PSNI (for police forces in England and Wales this happened on 1 April 2014). Action Fraud was run by the City of London Police<sup>30</sup> and the National Fraud Intelligence Bureau and provided a central point of contact for information about fraud and financially motivated internet crime. During the course of meetings with stakeholders and representatives of the criminal justice system in respect of this inspection and the thematic inspection regarding cyber crime, Inspectors heard a number of concerns raised about the role of Action Fraud.
- 3.40 The issues surrounding Action Fraud are covered in detail the CJI report published in June 2017 entitled '*Cyber Crime: An Inspection of how the Criminal Justice System deals with Cyber Crime in Northern Ireland*'. These issues will not be repeated in detail here but can be summarised as:
- lack of awareness and confusion over the role of Action Fraud by the general public and businesses;
  - under-reporting due to similar issues as those highlighted in general crime reporting but also time taken to submit a report;
  - perception of poor service provided to victims of crime;
  - limited data provided to the PSNI about fraud crime trends and statistics via force profile and limited circulation of this within the PSNI; and
  - technical difficulties in referrals of crimes to the PSNI for investigation (although the PSNI had been addressing these and streamlining processes).

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30 The City of London Police is the national police lead for economic crime.

- 3.41 In light of these difficulties the CJI inspection of cyber-crime made the following recommendation: ***'Approaching two years from the transfer to Action Fraud it would be appropriate for the PSNI to formally review the effectiveness of the recording and investigation of fraud and financially motivated cyber crime in Northern Ireland, and the service, support and advice provided to victims. This should be completed within nine months of the publication of this report.'*** Inspectors believe this review should include consideration of the effectiveness of Action Fraud for businesses as victims of fraud and cyber crime, as well as individuals.

### Evidence collection and case building

- 3.42 Inspectors were advised of concerns from business people, particularly in the retail sector, that police officers were sometimes uninformed about the modus operandi of those who committed crimes against businesses. For example retailers highlighted the use of foil-lined bags and de-taggers as indicating the intention of a shoplifter to commit a crime but said that police did not pick up on this.
- 3.43 Conversely however Local Policing Team officers appeared to Inspectors to be aware of these pieces of equipment used in crime. In support of this finding PPS Prosecutors were positive about the ability of police officers to include relevant evidence in prosecution files, for example in relation to the equipment noted above and seized CCTV recording from business premises. Some businesses however tended to collate all the evidence available prior to contacting the PSNI, as they believed this would lead to a better and more timely outcome or they preferred to carry out initial investigations themselves before contacting police. One retail representative noted the use of security staff body-cam video recordings as evidence, which had led to guilty pleas being offered.
- 3.44 Prosecutors did highlight that CCTV recordings were often poor-quality or pointing in the wrong direction, which made it very difficult or impossible to identify the suspect or criminal act on the footage. The high cost of security equipment was raised as a barrier to businesses protecting themselves against crimes. Similarly prosecutors raised concerns about the lack of security or robust governance processes used by businesses, which they suggested left them vulnerable to being the victim of crime, particularly of insider thefts by employees. Often therefore fraud by employees in particular, wasn't identified for several months by which point the loss could be substantial. This could lead to evidence being insufficient to enable the prosecutor to take the decision to prosecute or mean even if a prosecution was directed, that it could be very difficult to evidence the full extent of the loss.

- 3.45 The willingness of business staff to give witness statements or to continue to support a prosecution was raised as a challenge by the criminal justice organisations. It was suggested that business people were too busy to give witnesses statements and believed the court process would be too time consuming. This therefore reduced the evidence available for a prosecution file. Similar concerns were raised in the 2010 CJI inspection of avoidable delay in the criminal justice system<sup>31</sup>.
- 3.46 A particular issue was raised by Local Policing Teams about the excessive amount of time spent dealing with so-called 'drive-offs' from fuel stations; where drivers filled their vehicles with fuel and then left the premises without making payment. Local Policing Team officers were tasked to attend and investigate these reports of making off without payment, but in 85% of cases this was a genuine mistake and therefore police were acting as civil recovery agents. The PSNI had done research on this issue and had estimated that in Lisburn and Castlereagh and Ards and North Down districts, every Local Policing Team officer spent about two hours of their day dealing with these incidents; amounting to 2,600 hours a year across two districts.
- 3.47 In order to address this issue the PSNI had introduced a pilot scheme in these policing districts whereby the retailers were responsible for tracing drivers who did not pay in the first instance. The PSNI would therefore only follow up those incidents where retailers had been unable to recover the debt themselves. Unfortunately there was criticism of the pilot scheme by retailers and local politicians and it was abandoned. Inspectors have been advised however that the PSNI introduced a variation of the pilot scheme in the same areas in March 2017 after discussions with the Petrol Retailers Association.
- 3.48 Whilst CJI recognises the PSNI clearly has a responsibility to investigate criminal offences, Inspectors are concerned that such a large amount of police time is being spent on dealing with what is predominantly, civil debt recovery. These are resources that are being taken away from dealing with police priorities in dealing with crimes affecting local communities such as burglary, anti-social behaviour, hate crime and crimes against older people. CJI would therefore encourage the PSNI to continue to engage with petrol retailers and local politicians to find a way to reduce the time spent by officers on dealing with incidents that do not constitute a crime and would hope that the NIPB would support them in this work (see operational recommendation 2). Inspectors look forward to the assessment of the impact of the further pilot on police time dealing with non-criminal matters.

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31 Available online at <http://www.cjini.org/getattachment/c0243f51-1e73-47e8-a6fa-344d5f0063c5/Avoidable-Delay.aspx>

### Delay in the criminal justice process

- 3.49 Delays in the investigation and prosecution of cases were a significant cause for concern for businesses<sup>32</sup>. Keeping victims and witnesses engaged in the process and willing to attend court is a feature of all criminal cases in Northern Ireland. Specific issues were raised about this from a business perspective. It was highlighted to Inspectors that, due to the high turnover of staff in retail businesses, it was common that employees who gave witness statements had moved on by the time the case reached the court stage, given the length of time it took cases to get to court and therefore would be unwilling to support a prosecution or were difficult to contact.
- 3.50 In addition one business highlighted the cost implications for them of delays in the process if they reported a suspected crime by an employee and then suspended them whilst the crime was investigated and potentially prosecuted. As employees had to be suspended on full pay this could be a costly period of time for the business; with up to two years potentially passing before the case was resolved and the employee could be dismissed. In order to avoid this, the business tended to undertake their own internal investigation and disciplinary process and only then, when the employee had been dismissed, was the offence reported to police.
- 3.51 This approach was understandable, and clearly most cost-effective for the business, but left the potential for evidence to be missed or the case to be prejudiced and, perhaps most importantly, for the employee to be free to seek further employment without the barrier of a criminal conviction. The issue of delay is one that CJI have highlighted previously as requiring significant focus by the criminal justice system.

### Delivering improvements in the approach to business crime

- 3.52 As highlighted in the strategy and governance chapter of this report, the Business Crime Action Plan had become the mechanism by which the PSNI, DOJ, NIPB and business representatives intended to improve delivery of service to the business community. Inspectors have noted their concerns previously regarding the targets in the Action Plan and the governance and accountability of it.
- 3.53 Whilst clearly criminal justice agencies have a critical role to play in respect of preventing, investigating and prosecuting business crime there is an obvious need for the business community to be an active and accountable partner in this work. In respect of some of the issues raised in the preceding sections of this report, Inspectors would make the following recommendation:

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32 See previous CJI inspections in relation to avoidable delay in the criminal justice system available online at [www.cjini.org](http://www.cjini.org).

## Operational recommendation 2

**The Business Crime Action plan should be reviewed within six months of this report with a view to ensuring that the targets/actions within it are 'SMART' and that there is a greater level of accountability/governance for all partners. The review should also consider including the following issues in the Action Plan:**

- i) the police response to 'drive-offs' (developing on from work undertaken previously);**
- ii) education for businesses about their responsibility to implement crime prevention advice to prevent theft by customers; and**
- iii) education about the importance of good record-keeping/monitoring by businesses to prevent employee theft.**



# Outcomes

## Crime analysis

- 4.1 As highlighted earlier in this report there is not one individual recorded crime type that relates to 'business crime'. It is therefore difficult to ascertain an indication of the scale of crimes against business in Northern Ireland, apart from in relation to the specific crime categories of 'Shoplifting' or 'Robbery of a Business Property'. Similarly some stakeholders commented that violence against retail staff was increasing, but this is impossible to verify as there is no breakdown to enable analysis of which assaults were perpetrated in a business premises. At the time of the inspection the PSNI crime recording systems did not allow an accurate analysis of business crime to be conducted and any such analysis was conducted via a manual exercise based on a search for the location of the crime being a business property. Inspectors understand a business crime motivation 'tick-box' was implemented into police systems following the conclusion of the fieldwork for this inspection and look forward to the results of the implementation of this across the service. Statistics had been compiled however on rural and agricultural crime for use by the Rural Crime Partnership.
  
- 4.2 The latest agricultural and rural crime figures available at the time of the inspection<sup>33</sup> showed a general downward trend in relation to agricultural crime (burglary, robbery and theft offences relating to agricultural-based activity) since 2010-11 but a recent slight increase since 2015-16. The figures also showed the geographical spread across policing districts in Northern Ireland. Crime figures were shared with partners in the Rural Crime Partnership to develop discussions about what issues still needed to be tackled in agricultural and rural crime, engage stakeholders in partnership working and offer reassurance that reported crime levels were falling. It also enabled the PSNI to seek assistance from partners in encouraging the farming community to report crime and offers a challenge to potential misrepresentation of the fear of crime. Feedback received from stakeholders suggested that whilst the volume of crimes was reducing, the value of thefts of property was increasing, suggesting a level of involvement by organised criminals.

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33 PSNI, Agricultural and Rural Crime in Northern Ireland: Quarterly Update to 31 December 2016, prepared 24 January 2017.

- 4.3 Whilst crime figures certainly do not give a definitive picture of the success or otherwise of policing with other factors such as reporting levels, victim and community confidence and displacement of crime having a significant impact (and indeed many of the Policing Plan targets have moved away from purely focusing on reductions in reported crime) they offer one assessment of the scale of any crime problem. Without an accurate analysis of the scale of the problem in relation to any type of business crime, it is hard to see how resources can be appropriately directed towards key crime areas or crime prevention work at either strategic or district level.
- 4.4 One example of where crime statistics have offered this opportunity to target a particular crime type is that of tiger kidnaps. These types of kidnaps have frequently been used against employees of the financial and banking sector and in Northern Ireland in 2009, the number of tiger kidnaps peaked at 16. As a result of this the PSNI has worked with the financial and banking sector, now under the auspices of the OCTF Armed Robbery Expert Group, to develop initiatives to tackle armed robberies including cash in transit attacks and tiger kidnappings. The OCTF Annual Report<sup>34</sup> notes that *“Thankfully, since 2012 lower levels of tiger kidnaps have been noted in Northern Ireland with only one attack recorded in 2015.”* This was highlighted by the PSNI as due to the effective partnership working by the organisations in the OCTF sub-group.
- 4.5 The crime statistics in the example above clearly indicated an increasing problem with tiger kidnaps being carried out in Northern Ireland and led to partnership working between the PSNI and businesses in the financial and banking sector to reduce the risk of further crimes being committed. This work has included preventative activities and education for employees, which was continuing at the time of the fieldwork for this inspection. For example, the PSNI were working with the Armed Robbery Expert Group to develop a training video aimed at maintaining the reduction in tiger kidnaps as well as offering a bespoke interactive tiger kidnap training day for senior managers of the banking and retail sector. Representatives from the banking sector were positive about the work that had been undertaken with the PSNI and the enhanced awareness that employees had developed through these initiatives.
- 4.6 In other areas of business crime however there has not been, to date, a similar level of analysis or ability to assess crime trends and patterns. Without such an indication as to what types of crime against business are of most concern, it is hard to see how actions in the Business Crime Action Plan can be prioritised. As highlighted beforehand it is important the PSNI, with its partners, agree a definition of business crime before attempting any type of analysis.

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34 Organised Crime Task Force, Annual Report and Threat Assessment 2016, published June 2016, available online at <http://www.octf.gov.uk/OCTF/files/12/12306e6f-0ad0-408a-b50d-558b2955932b.pdf>

### Operational recommendation 3

**Inspectors therefore recommend that improvements should be made to the PSNI's analysis of business crime within six months of this report by:**

- i) agreeing a definition of business crime with partners;**
- ii) delivering a mechanism to survey the views and attitudes of businesses across different sectors in order to improve stakeholder and victim engagement; and**
- iii) improving the availability of business crime statistics and undertaking subsequent analysis to develop priorities within the Business Crime Action Plan, drive performance improvements by the PSNI and better inform the business community.**

### Outcome rates

- 4.7 PSNI statistics report on crime outcomes for the previous year<sup>35</sup>. The 2015-16 Police Recorded Crime Statistics update<sup>36</sup> reports on outcomes for the two recorded crimes against business. Robbery of business property showed its highest outcome rate in 2015-16 (35.2%, an increase of 11.4 percentage points on the previous year). The outcome rates for shoplifting increased between 2013-14 and 2014-15, reaching the second highest rates achieved since 2007-08. In 2015-16 the outcome rate for shoplifting further increased to 60.8%. Outcome rates for making off without payment were not published by the PSNI, however figures provided in support of the pilot initiative in 2016 indicated that 85% of 'drive-offs' were genuine mistakes.
- 4.8 In terms of court outcomes again it is difficult to obtain figures for business crime, given that it is not a specific crime type. For example whilst shoplifting is a specific crime category recorded by police it is subsequently prosecuted as an offence of theft and therefore it is again impossible to identify the numbers of thefts from business properties at the court stage, or their outcomes at trial. This was emphasised in a reply to a Northern Ireland Assembly Question in December 2016<sup>37</sup> which stated *'Shoplifting offences are recorded as theft offences, for which there are over 2,000 convictions each year. To identify specific shoplifting offences from these would require a manual trawl of court records, which, given the numbers of cases involved, would incur a disproportionate cost'*.

35 Outcomes presented in the PSNI crime statistics include charge/summons, cautions (adult and juvenile), discretionary disposals, penalty notices for disorder, offences taken into consideration and indictable only offences where no action was taken against the offender (i.e. died before proceedings or PPS did not prosecute).

36 PSNI, *Police Recorded Crime in Northern Ireland: Monthly Update to 31 March 2016 (Providing final figures for 1st April 2015 to 31st March 2016)*, Published 12 May 2016 available online at [https://www.psnipolice.uk/globalassets/inside-the-psni/our-statistics/police-recorded-crime-statistics/2016/march/monthly-crime-bulletin-apr-mar-15\\_16.pdf](https://www.psnipolice.uk/globalassets/inside-the-psni/our-statistics/police-recorded-crime-statistics/2016/march/monthly-crime-bulletin-apr-mar-15_16.pdf)

37 Northern Ireland Assembly AQW 8507/16-21, answered on 13 December 2016 available online at <http://aims.niassembly.gov.uk/questions/weeklywrittenresults.aspx?&fd=16/12/2016&s=19&m=01/12/2016 00:00:00>

- 4.9 The prevention of crime is hard to assess as it is difficult to evidence whether the non-occurrence of a crime was due to a particular intervention. There did not appear, during this inspection, to have been any attempt to assess the outcomes of business crime prevention activities. For example, one PCSP had distributed property marking kits to farmers for large machinery but there had been no evidence collected as to whether the kits had assisted in the recovery of stolen property. Work to undertake an assessment of the effectiveness of this prevention activity should form part of the PSNI's Community Safety Strategy or its delivery mechanism.

### Victim perceptions of the criminal justice system

- 4.10 Inspectors heard from a number of business representatives that there were a number of barriers to business owners, managers and employees engaging with the criminal justice system, some of which have been mentioned in Chapter 3. In the main these formed similar themes to feedback given by victims of other types of crime heard in previous CJI inspections and can be summarised as follows:
- *Resource intensive in terms of time spent by business staff* - businesses felt the process of statement taking could be resource intensive but more importantly, the time spent if the case went to court where business staff were called as witnesses and trials were adjourned, a last minute plea was entered or the witnesses evidence was not agreed by the defence until the day of the trial;
  - *Perception that suspects are not dealt with in a sufficiently robust manner*- examples were given of police attending shoplifting incidents and releasing the suspected offender after a notebook interview where the retailer perceived that a more robust approach should have been taken with persistent offenders;
  - *Limited feedback* - some businesses reported a lack of feedback regarding the progress of the case for example, in relation to the outcome of police investigations once a crime was reported or the outcome of court hearings. Often feedback, when it was provided, was not given to the business owner or manager (this issue was in the Business Crime Action Plan);
  - *Reputational damage* - some businesses were concerned about the potential reputational damage if they reported and then supported a prosecution against criminal activity. They feared this could lead to a loss of customers or conversely, an increase in attempted criminal activity perpetrated against them;
  - *Delay* - the criminal justice process took too long which was particularly difficult for businesses if the crime was committed by an employee, high staff turnover meant that employees who gave evidence initially were no longer available at the business; or that persistent offenders were able to re-offend whilst a report was being compiled for the PPS by police or the offender was out on bail;

- *Sentencing* - businesses were strongly of the opinion that the ultimate sanction fitted the crime and did not feel that the use of suspended sentences for persistent offenders (often shoplifters) was appropriate, particularly when the individual had numerous previous convictions (this issue was included in the Business Crime Action Plan); and
- *Businesses as a victim* - business people felt that courts perceived crimes against business to be less serious than those against individual victims and they did not feel they were given an opportunity to highlight the financial implications in particular, of the loss (this issue was included in the Business Crime Action Plan).

## Persistent offenders

- 4.11 The way the criminal justice system dealt with persistent offenders was a key issue for businesses, particularly those in the retail sector. Inspectors were told about individuals, who businesses advised, had upwards of 50 previous convictions for shoplifting who did not receive a custodial sentence. In one example provided, Inspectors were told of an individual, with a lengthy history of shoplifting offences who was given a suspended sentence then immediately walked from the court to a retail area of the town and proceeded to attempt to steal clothing from a shop. Whilst this is anecdotal it highlights the frustrations felt by retailers. Concerns were also raised where persistent offenders were travelling in criminal gangs, particularly where women and children were involved in shoplifting, as it was felt that the courts would then be more sympathetic when sentencing.
- 4.12 In considering the manner in which police deal with persistent shoplifters, CJI asked whether these offenders appeared on the lists of those managed by the Reducing Offending Units in police districts. In the main Inspectors were advised that the individuals managed through Reducing Offending in Partnership tended to be involved in higher level offences, such as domestic burglary, robbery and car crime. At the time of writing CJI was undertaking an inspection of Reducing Offending in Partnership and the PSNI had highlighted the benefits of their approach to reducing repeat offending.

## Operational recommendation 4

Inspectors recommend **the PSNI should consider, as part of the Business Crime Action Plan, using the principles of the Reducing Offending in Partnership model to develop a more targeted approach to dealing with persistent shoplifters.**

This should be progressed as part of the Business Crime Action Plan.

## Impact on victims

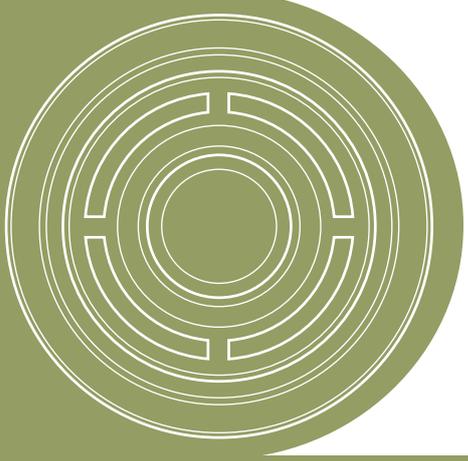
- 4.13 As mentioned above there was a perception held by a number of representatives consulted that business crime was a victimless crime and that businesses could easily afford to absorb any financial losses. Business representatives from all sizes of business advised that this was not the case and that the current retail climate particularly was not favourable. The impact on smaller businesses of even one or two crimes could be significant. It was also highlighted that the impact was not just limited to the financial loss of that one crime.
- 4.14 The FSB provide a summary of the impact of business crimes on their website<sup>38</sup> as follows:
- direct financial losses;
  - costs to replace damaged equipment and premises;
  - lost time spent dealing with the crime;
  - lost customers and damaged reputation;
  - increased insurance premiums;
  - affected staff and the wider community; and
  - the risk of being a repeat victim.

In addition in some cases it was commented that crimes against business had a wider impact on the Northern Ireland economy; for example when there was a lack of investment into towns and cities due to high crime levels or the risks to the food chain (and associated export of food products) of crimes against the farming community.

- 4.15 Inspectors found it difficult to obtain any figures during this inspection on the cost of crime against business. As outlined in the introductory chapter the data from the British Retail Consortium crime survey relating to Northern Ireland was not possible to obtain due to the cost involved in extrapolating the data.
- 4.16 The DoJ was considering the issue of business victim impact statements as one action/target in the Business Crime Action Plan. There were still ongoing discussions about the thresholds that would need to be in place, how and when these would be taken from the business and presented to the court and how these could be used during the sentencing process. Inspectors welcome this work which requires a strong focus in the Business Crime Action Plan and would hope to see the outcome in due course.

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38 See <http://www.fsb.org.uk/standing-up-for-you/policy-issues/business-crime/crime-against-business>.



# Appendices

# Appendix 1: Methodology

## Desktop research and development of inspection Terms of Reference and question areas

Research literature and guidance documentation was reviewed in relation to business crime. Other relevant documents included the Business Crime Action Plan, OCTF reports, crime statistic reports and reports produced by the Northern Ireland Assembly and Committee for Justice.

## Document review

A review was undertaken of the documentation collated to cross-reference information against the topic areas and later obtained during the fieldwork. This was used also to inform interview questions during the fieldwork phase.

## Fieldwork

One-to-one and focus groups interviews were conducted with a range of personnel within the relevant agencies. Interviews were also conducted with stakeholders from across the business community. Representatives from the following areas were interviewed during the fieldwork:

### Department of Justice/Northern Ireland Assembly:

- Community Safety Unit;
- Chair of Committee for Justice;

### Northern Ireland Courts and Tribunals Service:

- Operations Policy Branch;

### Public Prosecution Service for Northern Ireland:

- Assistant Director Legal Advice and Guidance;
- Senior Public Prosecutors, Belfast Region
- Senior Public Prosecutors, Western and Southern Region;

### Police Service of Northern Ireland:

- Chief Inspector, Foundation Training;
- Chief Superintendent, Belfast City District Command Unit (business crime lead);
- Crime Prevention Officers;
- Detective Chief Superintendent, Reactive and Organised Crime;



- Detective Sergeant, Economic Crime Unit;
- Detective Superintendent, Economic Crime Unit;
- District Commanders x 3;
- Engagement Chief Inspectors in police districts x 3;
- Inspectors in police districts x 2;
- Local Policing Team sergeants and constables focus group x 2;

### Stakeholders:

- Allied Irish Bank/First Trust Bank;
- Asda;
- Belfast City Centre Management;
- CBRE Management Services Limited;
- Confederation of British Industry;
- NFU Mutual;
- Northern Ireland Chamber of Commerce and Industry;
- Northern Ireland Federation of Small Businesses;
- Northern Ireland Independent Retail Trade Association;
- Northern Ireland Policing Board Director of Policy and staff;
- Northern Ireland Retail Consortium;
- Hospitality Ulster;
- PCSP Managers - Newry and Mourne; Armagh, Craigavon and Banbridge and Derry City and Strabane;
- Retailers Against Crime;
- Ulster Bank/Royal Bank of Scotland;
- Ulster Farmers' Union;
- Ulster Federation of Credit Unions.

## Appendix 2: Terms of reference

### CJI Inspections

- (1) **Business Crime: an Inspection of how the Criminal Justice System deals with Business Crime in Northern Ireland**
- (2) **Cyber Crime: an Inspection of how the Criminal Justice System deals with Cyber Crime in Northern Ireland**

### Terms of Reference

#### Introduction

Criminal Justice Inspection Northern Ireland (CJI) proposes to undertake inspections of how the Criminal Justice System (CJS) deals with business and cyber crime.

There are significant overlaps across the areas of business and cyber crime and Inspectors will take a combined approach for preliminary work and stakeholder consultation.

The inspection will focus on the three main elements of the CJI inspection framework as they apply to business and cyber crime: these are strategy and governance, delivery and outcomes.

The main organisation to be inspected will be the Police Service of Northern Ireland as the core agency involved in the prevention and investigation of business and cyber crime. However, other areas of the CJS are central to the effective delivery of justice in these areas and the inspection will incorporate the Public Prosecution Service and the Northern Ireland Courts and Tribunals Service. This will include the overall CJS response to business and cyber crime including co-operation and partnership working.

The Inspections will not seek to repeat issues which arose in separate inspection work, for example on Serious and Organised Crime<sup>39</sup> and Child Sexual Exploitation,<sup>40</sup> but will, where appropriate, make reference to these. Cyber terrorism is outside the scope of the Cyber Crime Inspection.

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39 Serious and Organised Crime: an Inspection on how the Criminal Justice System deals with Serious and Organised Crime in Northern Ireland. CJI November 2014. Available online at [www.cjini.org](http://www.cjini.org)

40 Child Sexual Exploitation in Northern Ireland. A Report of the Independent Inquiry, 19 November 2014. Available online at <http://www.cjini.org/CJNI/files/f0/f094f421-6ae0-4ebd-9cd7-aec04a2cbafa.pdf>



## Context

In mid 2015, the NPCC (National Police Chiefs' Council) agreed a definition for business crime. The definition is 'Any criminal offence that is committed against a person or property that is associated with the connection of that person or property to a business.' Business crime therefore encompasses a wide range of offences and crime types including rural and agri-crime, serious and organised crimes such as ATM thefts and tiger kidnappings, shoplifting and violence against retail staff, fraud and illegal trade. Clearly businesses are now also at major risk of being the victims of cyber crime.

The costs of business crime are widespread and include not only the financial costs to the business for physical losses, for example of goods or money, but also the potential impact on customer confidence, time spent engaging with the criminal justice process, increases in insurance premiums and loss of future income where the business is unable to provide a service to its customers or carry out its normal day-to-day activities.

The criminal justice system and the PSNI in particular, have a key role to play in preventing, detecting, investigating and prosecuting crimes against businesses and in working in partnership with the business community to offer crime prevention advice and support. Business crime was the subject of a stakeholder event at the Committee for Justice in May 2015 with a subsequent report and actions for the Department of Justice and the PSNI. It is therefore an important issue for politicians, the media and communities.

The use of computers and information technology is a significant and increasing part of everyday life. Internet usage has increased dramatically: the internet was accessed every day, or almost every day, by 78% of adults (39.3 million) in Great Britain in 2015, compared to 35% (16.2 million) in 2006; social networking was used by 61% of adults; 76% of adults bought goods or services online; and 86% of households had internet access.<sup>41</sup>

Cyber crime is a growth area, it is an activity which offers anonymity and allows criminals to operate outside the jurisdiction, and this makes it substantially more difficult for the police to investigate and apprehend offenders.<sup>42</sup> Anti-virus providers generally conclude that security attacks globally are in the billions and levels are increasing.<sup>43</sup> Estimates of the cost to the economy of cyber crime vary but the sums are significant and increasing.

Experience of crime in general in Northern Ireland is low, but a report on public confidence in the policing of cyber crime by the PSNI found that there was considerable concern amongst internet users about cyber crime including identity theft or online fraud. Concern was also high in respect of fraudulent emails, encountering unsolicited material on line and cyber bullying. Almost 10% considered they had been a victim of cyber crime, of those just over 10% reported it to the police.<sup>44</sup>

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41 Internet Access – Households and individuals 2015. Statistical Bulletin. Office for National Statistics, 6 August 2015.

42 Real Lives, Real Crimes. A study of digital crime and policing, HMIC 2015.

43 Cyber Crime: a review of the evidence. Research Report 75. Summary of key findings and implications. Home Office, October 2013.

44 Public confidence in the policing of cyber crime. Summary report of findings. Millward Brown Ulster report to the Northern Ireland Policing Board, February 2014.

## Aims of the Inspection

The aim of the inspection is to examine and assess arrangements for dealing with business and cyber crime across the criminal justice system in Northern Ireland, but with specific emphasis on the PSNI.

The objectives of the inspection are to:

- examine the effectiveness of organisational strategies with regard to business and cyber crime, including the approach to prevention and enforcement;
- examine the response to business and cyber crime - how operational delivery is structured to meet the needs and expectations of stakeholders and victims. To determine effectiveness and potential areas for improvement;
- examine and assess the outcomes of strategies and delivery mechanisms for business and cyber crime against targets and expectations;
- examine management information and the performance of the justice agencies in addressing business and cyber crime; and
- examine how the above aspects of business and cyber crime arrangements are benchmarked against good practice.

Other matters of significance as they arise during inspection will also be considered.

## Methodology

The inspection will be based on the CJI Inspection Framework for each inspection that it conducts. The three main elements of the inspection framework are:

- Strategy and governance;
- Delivery; and
- Outcomes.

Constants in each of the three framework elements and throughout each inspection are equality and fairness, together with standards and best practice. The CJI inspection methodology can be found at [www.cjini.org](http://www.cjini.org).

## Research and review

Collection and review of relevant documentation such as previous inspection and other reports, the PSNI and other CJA policies and procedures, management information, minutes of meetings and related documentation.



## Fieldwork

- Terms of reference will be prepared and shared with the PSNI and the other CJAs prior to the initiation of the inspection. Liaison officers from the CJAs should be nominated for the purposes of this inspection.
- The PSNI as the primary organisation will be given the opportunity to complete a self-assessment of its approach to dealing with business and cyber crime and any management information deemed relevant.
- Interviews and focus groups will be conducted with the PSNI and other CJA staff, and relevant stakeholders to give an insight into the issues affecting business and cyber crime.
- Progress in the development of management information and performance management data will be examined.
- Evidence of planning and decision-making leading to performance improvement and recognition of future development will be gathered.
- Where appropriate benchmarking and identification of best practice within and outside Northern Ireland.

## Feedback and writing

Following completion of the fieldwork and analysis of data a draft report will be shared with the PSNI and the other CJAs for factual accuracy check. The Chief Inspector will invite the PSNI and the other CJAs to complete an action plan within six weeks to address any recommendations. If the plan has been agreed and is available, it will be published as part of the final inspection report. The inspection report will be shared, under embargo, in advance of the publication date with the PSNI and the other CJAs.

## Inspection publication and closure

- The final report is scheduled to be completed by December 2016.
- A report will be sent to the Minister of Justice for permission to publish.
- When permission is received the report will be finalised for publication.
- Any CJI press release will be shared with the PSNI and the other CJAs prior to publication and release.
- A suitable publication date will be agreed and the report will be issued.



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