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Committee for Justice - Business Crime – Thursday 14th May 2015

Retailers Against Crime – Issues to Raise

Please find below the issues Retailers Against Crime would like to raise:

1. Improvement in confidence within the Business Community in the Justice System – offenders who commit retail crimes are back in stores reoffending. Penalties do not fit the crime.
2. The development of a Business/Retail Crime Strategy for Northern Ireland.
3. Working in Partnership – consistent approach to Retail Crime.

Thank you

Jacqueline Crockett
Regional Executive Northern Ireland
Retailers Against Crime

PUBS OF ULSTER

Firstly I should point out that although we are called Pubs of Ulster we represent Pubs, Bars, Café Bars, Restaurants, Hotels and other licensed premises.

Our industry suffers from illegal trading in many forms, ranging from unlicensed premises selling alcohol to premises operating outside the licence category. This means they are illegally taking business from the premises that are operating within the law and therefore stealing money from their till. This is compounded by the fact that licensed premises are rated differently and have a much higher rates bill than shops or social clubs.

Colin Neill

Chief Executive



Federation of Small Businesses
The UK's Leading Business Organisation

The Committee for Justice

Presentation on Business Crime – Wilfred Mitchell OBE, FSB NI Policy Chair

Thursday 14 May 2015 in Parliament Buildings from 2-4 pm

As the main representative of typical businesses in Northern Ireland, the Federation of Small Business represents members across business sectors.

This means that there are a number of crimes that impact upon our members' ranging from rural crime, within the agri-business sector, to retail crime, which is being (it has been) discussed in depth this afternoon.

The time taken by businesses to recover from crime often has significant cost implications.

This includes distracting from essential business activities and a loss of confidence, loss of feelings of safety in operating their business. This then leads to a reduction in turnover and profitability, for example lack of drive and an inability to fulfil orders or deadlines.

I would like to take this opportunity to highlight the other areas of crime which also impact upon businesses, here in Northern Ireland.

These include – organised crime, rural crime and cyber crime.

ORGANISED CRIME

During a recent presentation to the FSB Policy Committee, former PSNI Head of Organised Crime, Roy McComb advised members that there has been a shift in organised crime since the Troubles.

Throughout the Troubles individual organised crime gangs in Northern Ireland remained relatively small and disorganised because of the constant threat of attack by paramilitaries. This also deterred business crime reporting, due to fear of paramilitaries targeting the business owner.

Over the last decade the number of crime groups has grown dramatically as that threat has diminished, as borders have opened up and criminals have become more sophisticated. Wrongly assumed to be focused on trafficking and money laundering, this is a dangerous underestimation as organised crime is very wide in its scope.

The most recent Crime Border Organised Crime Assessment sets out that a list of crimes that are prevalent amongst Organised Crime Groups operating in both Northern Ireland and the Republic of Ireland, as follows;

These include opportunist crimes such as -

Cash in transit robberies, ATM robberies, rural crime, including machinery, metal and livestock theft.

There is also more sophisticated, long-planned crime, including

Alcohol, food and oil fraud, tiger kidnaps, drug and human trafficking, money laundering and cybercrime.

Organised crime is of particular concern to Northern Ireland businesses. FSB acknowledges the 2014 report published by the National Crime Agency it was highlighted that one of the primary aims of serious and organised criminals is to seek to identify and exploit ways to cross borders into and out of the UK.

Northern Ireland is the most geographically vulnerable positioned part of the UK as of its external land border with the Republic of Ireland. This enables crime by facilitating the illegal movement of goods, such as drugs and cash, trafficking and money laundering.

Goods that are stolen on either side of the border are often distributed by criminals in the other jurisdiction, in efforts to evade law enforcement.

FSB therefore, promotes the OCTF 'Changing the Mindset - Organised Crime Awareness Raising and Engagement Strategy' as a means of reducing the demand for products and services supplied by organised crime groups and increasing reporting of suspicious activity.

Organised criminal activity is growing increasingly sophisticated in the online sphere.

CYBER CRIME

As business becomes more connected, through the internet and mobile devices, cyber crime remains an ever-growing threat.

The internet is often regarded by businesses as a double edged sword. It is, on one side, necessary to open up business growth and survival. On the other side, there is a global community of criminals determined to exploit online connections and vulnerabilities to profit from victims.

Cyber crime is an area that is constantly evolving, with criminals testing any opportunity in security and online vulnerabilities to target businesses. With larger companies having the resources to place more sophisticated IT Security teams in place, constantly watching online traffic, small businesses have become a primary target of cyber criminals.

Cyber crime¹ is a clear barrier to growth for small businesses particularly considering extent to which e-commerce provides opportunity for business growth.

Of those FSB members that trade online, 27 per cent claim this generates more than half of their business turnover.

A further 20 per cent of FSB members are actively considering trading online or plan to do so in the future.

However, the economy is also missing out from lost transactions from businesses that do not trade because they believe the security framework does not give them adequate protection.

¹ FSB Publication – Cyber Security and Fraud: The cost to small business – Published 2014.

Some businesses report not wanting to trade online at all or opt instead to deal with UK customers only.

FSB research gauges the average annual cost to small businesses of fraud and online crime at just under £4,000 per year and a cost that many small businesses cannot afford.

The research published last year highlighted that throughout the UK, 41% of members have been victim to cyber crime. The research further highlighted that one in five businesses have been affected by a computer virus, and three in ten businesses have been the victim of online fraud.

With the increase in smartphones, particularly as businesses remain connected wherever they go - cyber crime has increased as often the cyber security measures taken on computer equipment is overlooked on smartphones.

Additionally mobile technology is ever-evolving and with that increasing cyber threats to mobile technology.

Feedback from our members shows that Bring Your Own Device policies present additional risks to businesses. This is where employees bring personally owned mobile devices, such as laptops and tablets, to their workplace and use these devices to access company information. The main security concerns are malware infection (malicious software) to company data and systems, loss of data and unauthorized access. Bring your own device policies also increase IT costs in terms of extra security measures and resources to manage this additional risk.

Ultimately, nationwide, cyber crime is costing FSB members a combined £785m a year, which is three thousand and fifty pounds for every small business.

In Northern Ireland, between 1 October 2013 and 30 September 2014, PSNI figures revealed that there had been 757 offences committed in full, or in part, through a computer.

Unfortunately this cannot be broken down to show the impact on businesses, as PSNI figures have grouped together domestic and business crime.

This is only a very small part of the overall picture. Cybercrime remains one of the most underreported crimes. Many businesses feel that when they report cyber crime attacks they lose customer confidence.

As a member of the Cyber Information Sharing Partnership, FSB encourages our members to use this platform to anonymously report cyber threats and attacks.

As a joint, collaborative initiative between Government and Industry, the platform is social media focused on cyber crime attacks. In reporting cyber threats they have experienced, asking questions of experts and reading other posts on cyber attacks - our members are able to protect themselves against cyber incidents and also provide valuable information to authorities in the fight against cyber crime.

RURAL CRIME

At a recent event on business crime, hosted by the Department of Justice and the Ulster Farmers Union. Many agri-business owners and farmers voiced that they do not report many crimes – such as metal, machinery and livestock theft.

The level of rural crime in Northern Ireland rose by 15% in 2014, according to a survey conducted by the National Farmers Union. In addition to the other costs of business that I have outlined today, the cost of rural crime remains the highest.

It has estimated that it cost Northern Ireland's economy £3.9 million last year, up from £3.4million in 2012. Agri-business is a major contributor to the Northern Irish economy. With Northern Ireland having the highest agri-business rate in the whole of the United Kingdom

An FSB analysis of rural and urban businesses, however, revealed that, overall, urban businesses were more likely to report crime than rural businesses with 47.1% of urban businesses reporting crime compared with 40.5% rural businesses.

In 2013, it was reported by BBC News² that there had been a 15% increase in rural crime within Northern Ireland - and this figure is growing, as organised criminal gangs are securing greater profit in livestock compared to drugs.

The National Farmers' Union Mutual Insurance Society Rural Crime Survey (2014) further revealed the most commonly stolen items to be livestock, tractors and farming tools. Northern Ireland was the highest affected part of the UK in regards to livestock rustling.

Rural crime on agri-businesses has severe emotional and financial impacts on agri businesses. This is due to the fact that most agri-businesses are home-based, so the crime also has significant impact on home and family life as well as livelihood.

² <http://www.bbc.co.uk/news/uk-northern-ireland-28716396> BBC News Northern Ireland – August 2014.

One such area of rural crime that has been of concern to our members is that of metal theft.

This can be vast - both as a result of direct thefts from business premises or associated factors such as damage to electricity infrastructure and equipment which may result in power outages.

FSB NI supports the Scrap Metal Dealers legislation, similar to that introduced in England and Wales, to tackle the theft of scrap metal through tighter regulation of metal dealers.

CONCLUDING COMMENTS - BUSINESS CRIME REPORTING

One thing evident amongst all areas of business crime is its underreporting and lack of clarity.

A survey by the FSB into business crime in 2010 found that only 60% of members reported crimes such as aggression, intimidation, criminal damage and even burglary - mainly due to lack of faith that the police would take their complaints seriously.

The primary reason for this in terms of rural crime, for example, is a lack of confidence and frustration at the low rate of convictions, following earlier reporting of crime. To highlight the extent of business crime in Northern Ireland, to better provide concerted action and increased convictions, Business Crime needs to be set apart.

There is a need to distinguish business crime as a single category, in order that its extent can be studied in greater detail and targeted responses be developed.

Crime Statistics for Northern Ireland are published each year by the PSNI in line with Home Office counting rules. These statistics include integrating crimes against businesses into overall domestic crime statistics as opposed to separating business crime into its own category.

Unfortunately Business Crime tends to create little concern amongst many members of the public, as it is regarded, due to misconceptions around insurance payouts, as a victimless crime. However this is far from the case.

As well as the cost to business resources, time and confidence - a business making a claim on their insurance as a result of crime will see an increase in their premiums, which have already escalated over the last few years.

One forum that has been helpful to local small businesses has been the Policing and Community Safety Partnerships.

There is a fundamental need for business owners to be involved in their Policing and Community Safety Partnerships. They provide a source of information to police directly from business representation that is invaluable to the prevention of local, business crime.

This is vital in a culture of underreporting business crime to pinpoint exactly what threats businesses are facing and what measures can be taken to improve safety, and ultimately business confidence and growth.

The FSB contends that the Policing and Community Safety Partnerships can play a greater role in highlighting business concerns by putting crimes against businesses at the heart of their Action Plans. Therefore, it is vital that local businesses are encouraged to continue³ to participate on the Policing and Community Safety Partnerships.

The FSB in Northern Ireland is working to address the issue of business crime and highlight its destructive impact on small businesses.

The issue of crime against businesses came increasingly into focus, underpinned by the first Northern Ireland Business Crime Strategy.

FSB Northern Ireland continues to play its role through representing small business on the Organised Crime Taskforce and the Business Crime Partnership.

Additionally, the FSB supports the Rural Crime Initiative, launched at the Balmoral Show in 2013 by Justice Minister, David Ford MLA, which highlights basic steps in preventing rural crime.

³ Reference to removing the Allowance Fee for those participating on Policing and Community Safety Partnerships however am unable to find this on internet or speaking to Carolyn, so am leaving it as unspecific, in case questioned.

There is a need for greater interaction with the PSNI, and a much tougher line against those convicted of carrying out business crime.

As an organisation we are keen to engage on the issue of business crime with our members. To provide them with support and education to better protect themselves and their livelihoods. Whilst lobbying our law makers to identify extent of business crime, its need to be a standalone topic and its detrimental impact on the local economy.