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## RESEARCH NOTE 29

# THE COST OF CRIME IN LONDON

Following a spate of high profile murders and other violent crimes, crime in London is the cause of increasing public alarm. This paper uses Home Office estimates of the average economic and social costs of different kinds of recorded crime to calculate, for the first time, the cost of reported crime across London. Metropolitan Police recorded crime statistics allow us to establish the total cost of crime in each borough, although some offences such as fraud have to be left out as the cost cannot be properly isolated.

The key findings of the report are:

- Recorded crime in London's thirty-two boroughs cost **£3 billion** in 2006-07, equivalent to **£400 for every person in London**. Violence against the person was the crime responsible for the highest economic and social costs.
- Some of the poorest boroughs are the worst affected by crime:
  - Westminster faces the highest cost of crime per person but this is likely to be distorted by a particularly high non-resident population.
  - **Islington** faces the second highest cost of crime at **£590 per person**, **Tower Hamlets** is the third highest at **£556 per person** and **Hackney** is the fourth highest at **£537 per person**.
  - By contrast, crime costs **£215 per person in Richmond upon Thames**, the borough with the lowest cost of crime per person.

The cost of crime in London can be reduced if we **strengthen and clarify local control, learn lessons from successful cities abroad** and launch an **ambitious drive to cut police bureaucracy**.

**Matthew Sinclair**, Policy Analyst at the TaxPayers' Alliance, said:

*"Ordinary Londoners, particularly those in the poorest boroughs, pay the price for high crime rates every day. Whether we have been victims of crime, are afraid to go out at night or are just paying ever more to protect and insure ourselves, crime has big economic, emotional and human costs for us all. We urgently need politicians to end the excuses, show real civic leadership and enable the police to take action and replicate the radical reductions in crime seen in other cities such as New York."*



**Matthew Elliott**, Chief Executive of the TaxPayers' Alliance, said:

*"Crime is set to be the big issue in the Mayoral elections. Londoners are looking for a Mayor who will tackle the crime epidemic in the Capital. The Government should devolve full powers over the Metropolitan Police to City Hall so whoever is Mayor after May 1<sup>st</sup> has the power to sort out this menace."*

## 1. Cost of recorded crime in each London borough

Table 1 shows the total and per person cost of recorded crime in each London borough. Many of London's most impoverished boroughs face a particularly large cost of crime.

**Table 1: Cost of recorded crime in each London borough, 2006-07**

Council	Total Cost of Crime, 2006-07	Population	Cost of Crime per person, 2006-07
Richmond Upon Thames	£39,242,969	182,400	£215
Harrow	£50,309,038	214,400	£235
Sutton	£45,535,265	183,600	£248
Bexley	£56,413,220	222,100	£254
Havering	£59,604,773	226,500	£263
Merton	£54,413,504	197,200	£276
Barnet	£92,704,117	332,400	£279
Kingston upon Thames	£44,766,098	156,700	£286
Enfield	£89,381,890	285,400	£313
Redbridge	£79,501,275	253,700	£313
Bromley	£94,208,013	299,300	£315
Croydon	£109,276,174	338,700	£323
Kensington & Chelsea	£64,255,869	192,000	£335
Wandsworth	£99,809,379	279,900	£357
Hounslow	£83,147,195	214,600	£387
Hillingdon	£97,748,736	249,600	£392
Brent	£106,175,530	270,800	£392
Ealing	£126,741,161	304,800	£416
Waltham Forest	£100,211,406	219,200	£457
Haringey	£102,991,137	221,900	£464
Barking & Dagenham	£78,103,843	166,500	£469
Greenwich	£107,388,700	226,300	£475
Hammersmith & Fulham	£83,081,835	174,700	£476
Newham	£123,485,972	255,900	£483
Camden	£117,663,717	234,900	£501
Lewisham	£131,060,785	251,500	£521
Lambeth	£141,784,868	270,400	£524
Southwark	£140,217,363	265,100	£529
Hackney	£111,868,330	208,200	£537
Tower Hamlets	£120,744,070	217,300	£556
Islington	£109,058,856	184,900	£590
Westminster	£154,835,515	249,600	£620
<b>Total</b>	<b>£3,015,730,604</b>		<b>-</b>
<b>Average</b>	<b>£94,241,581</b>		<b>£400</b>

While Westminster has the highest per person cost of crime in the table, this is likely to be distorted by a relatively high number of people who work or visit Westminster relative to its resident population.

Figure 1 shows a map of London with each borough shaded according to the cost of crime. Darker areas have a higher cost of crime per person. The City of London is shaded blue to indicate that it is not included in our study, for reasons that will be discussed in Section 4.

**Figure 1: Breakdown of cost of crime by London borough, 2006-07**

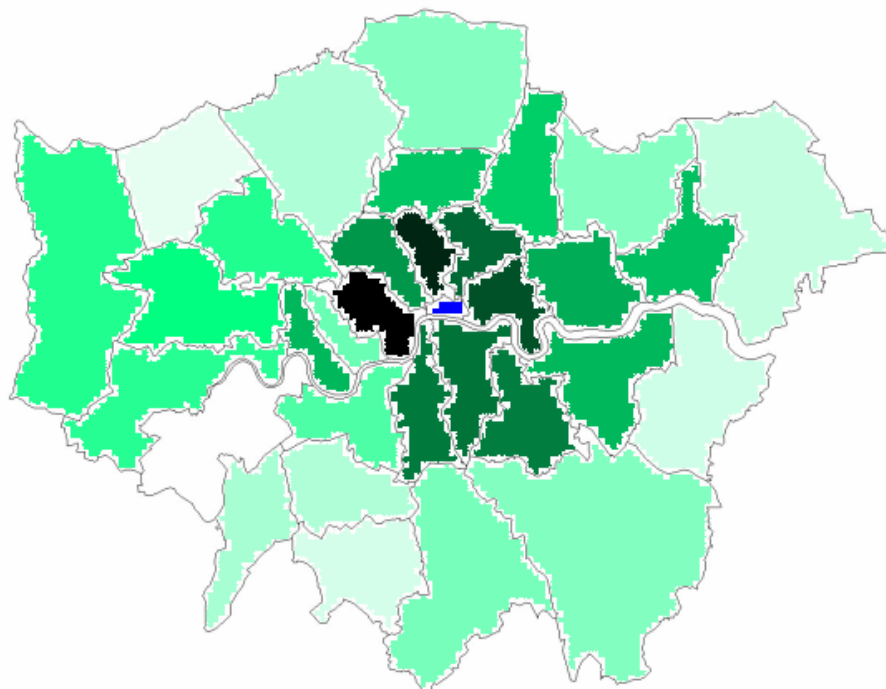
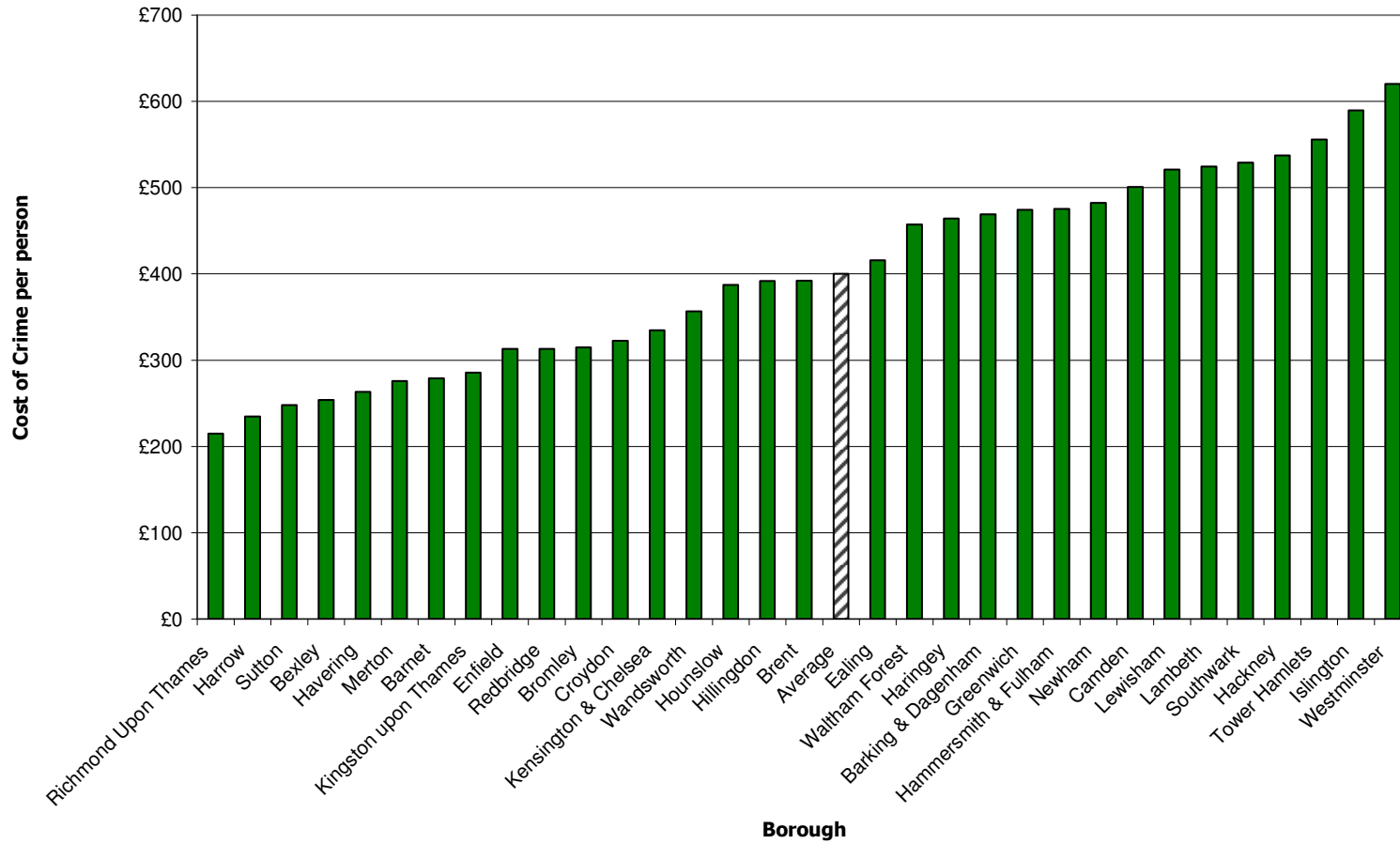


Figure 2 (overleaf) shows the per person cost of recorded crime in each London borough.

**Figure 2: Cost of recorded crime in each London borough, 2006-07**



## 2. The cost of different crimes

Table 2 shows the cost per person of different types of recorded crime by London borough.

**Table 2: Breakdown of the cost of crime in each London borough by type of offence, 2006-07**

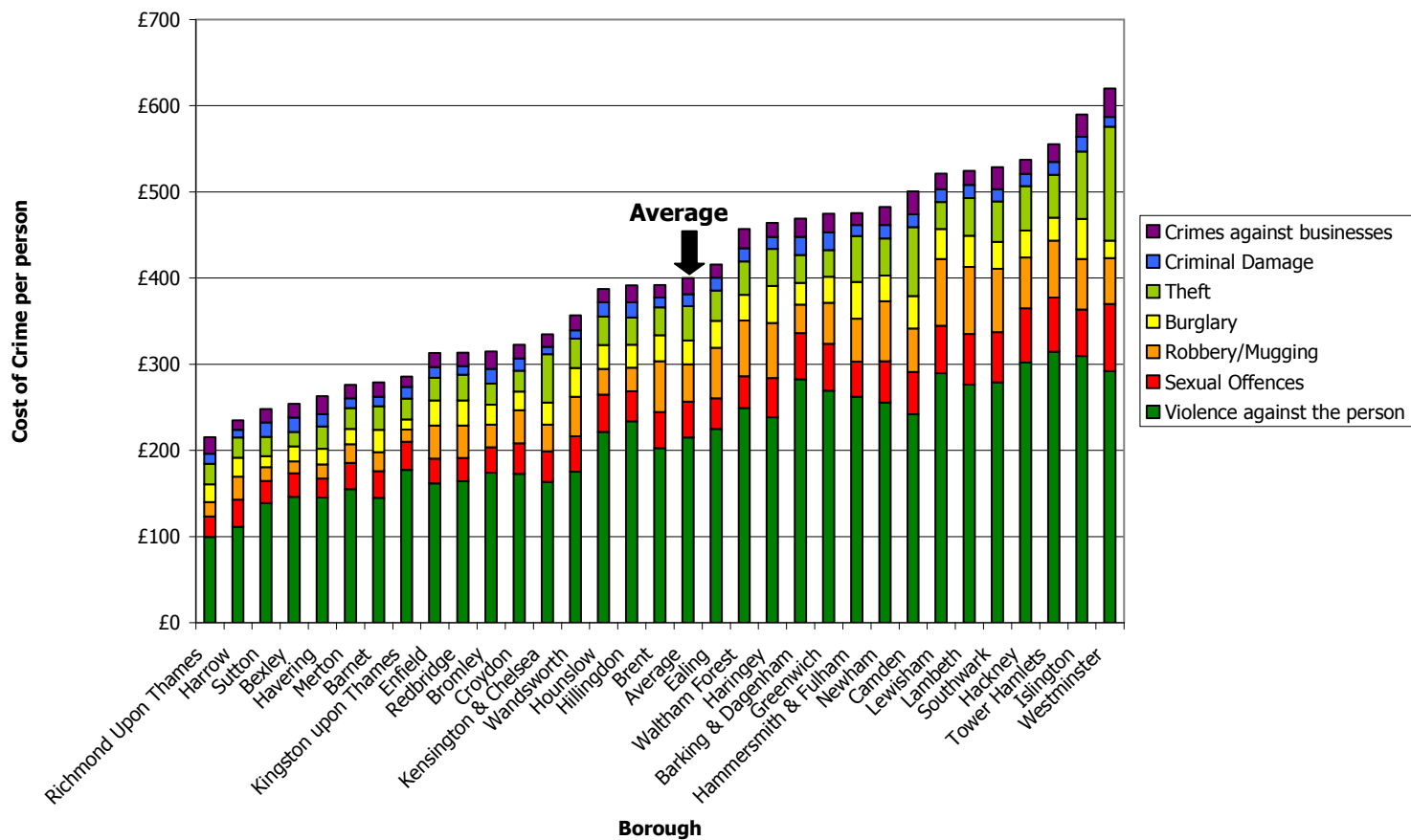
Council	Violence against the person	Sexual Offences	Robbery/ Mugging	Burglary	Theft	Criminal Damage	Crimes against businesses
Richmond Upon Thames	£99	£24	£17	£20	£24	£12	£19
Harrow	£111	£32	£27	£22	£23	£9	£11
Sutton	£139	£26	£16	£13	£23	£17	£16
Bexley	£146	£28	£14	£18	£17	£17	£16
Havering	£145	£22	£16	£18	£26	£14	£21
Merton	£155	£30	£22	£18	£24	£12	£15
Barnet	£145	£31	£22	£26	£27	£11	£17
Kingston upon Thames	£177	£33	£14	£12	£24	£14	£12
Enfield	£162	£29	£38	£30	£26	£12	£17
Redbridge	£164	£27	£37	£29	£30	£10	£16
Bromley	£174	£30	£26	£24	£24	£17	£20
Croydon	£173	£35	£38	£22	£24	£14	£16
Kensington & Chelsea	£163	£35	£31	£25	£56	£8	£15
Wandsworth	£175	£41	£46	£33	£34	£10	£17
Hounslow	£221	£43	£30	£27	£33	£16	£16
Hillingdon	£234	£35	£28	£26	£31	£18	£20
Brent	£202	£42	£59	£30	£33	£11	£15
Ealing	£225	£35	£59	£31	£35	£15	£15
Waltham Forest	£249	£37	£65	£30	£39	£15	£23
Haringey	£239	£45	£64	£43	£43	£14	£16
Barking & Dagenham	£282	£54	£33	£25	£32	£21	£21
Greenwich	£269	£54	£48	£30	£31	£21	£21
Hammersmith & Fulham	£262	£41	£50	£43	£53	£13	£14
Newham	£256	£48	£70	£30	£43	£15	£21
Camden	£242	£49	£51	£38	£80	£15	£27
Lewisham	£289	£55	£77	£35	£31	£15	£18
Lambeth	£277	£59	£78	£36	£44	£15	£16
Southwark	£279	£58	£73	£32	£47	£14	£26
Hackney	£302	£63	£59	£31	£52	£14	£17
Tower Hamlets	£315	£63	£66	£27	£50	£15	£21
Islington	£309	£54	£59	£47	£78	£17	£26
Westminster	£292	£78	£53	£20	£132	£11	£33
<b>Average</b>	<b>£215</b>	<b>£42</b>	<b>£43</b>	<b>£28</b>	<b>£40</b>	<b>£14</b>	<b>£19</b>



Table 2 clearly shows that violence against the person, which includes murder, imposes the largest cost of crime but that a broad range of criminal activities make a significant contribution. Fraud and some other minor offences are not included, for reasons discussed in Section 4.

This can be seen more clearly by breaking down Figure 2 by different types of crime (see Figure 3 overleaf).

**Figure 3: Cost of recorded crime per person by London borough and type of offence, 2006-07**





### 3. High urban crime rates can be effectively tackled

Broader social factors make an obvious contribution to rates of crime. However, if the test of police efficiency is “the absence of crime and disorder”, as Sir Robert Peel (founder of the Metropolitan Police) argued, we should look to improve police performance in order to reduce the economic and social burden imposed by high rates of crime. In other cities new ways of policing have achieved radical cuts in rates of crime.

Metropolitan police spending has increased significantly in recent years, by 39 per cent since 2001-02:<sup>1</sup>

Year	Met spending, £ billion
2001-02	£2.3 billion
2002-03	£2.5 billion
2003-04	£2.7 billion
2004-05	£3.0 billion
2005-06	£3.2 billion
2006-07	£3.2 billion

Some of this reflects an exceptional increase in costs with new terrorist threats, however a large part of it is London’s share of the 34 per cent increase in spending on “public order and safety” seen across the country in the same period:<sup>2</sup>

Year	Public order and safety spending, £ billion
2001-02	£22.8 billion
2002-03	£24.4 billion
2003-04	£26.5 billion
2004-05	£28.4 billion
2005-06	£29.3 billion
2006-07	£30.5 billion

Even accepting that inflation and new demands on the service will have taken up a large part of this new spending, it is hard to sustain the idea that – after such a large increase in its budget – the Metropolitan Police Service is being starved of resources. Attempts to improve performance should look to reform policy rather than provide further big increases in spending.

There are a number of areas where reforms might be possible that would significantly improve police performance:

<sup>1</sup> Metropolitan Police Service Annual Reports 2001-02 to 2006-07

<sup>2</sup> HM Treasury, *Public Expenditure Statistical Analyses 2007*, April 2007

## 1. Strengthen and clarify local control

While steps have been taken to ensure that policing in London is under effective local control, more could be done. The Metropolitan Police are responsible to both the Mayor and the Home Secretary. The Mayor and the Greater London Authority largely control the Metropolitan Police Authority that holds the service to account and set their budget but the Home Secretary still appoints the Commissioner.<sup>3</sup>

When Edward Leigh, Chairman of the House of Commons Public Accounts Committee, described<sup>4</sup> such conflicting lines of responsibility as “a recipe for arguments and delay, particularly between whoever happens to be Secretary of State and the Mayor” he was talking about the organisation of the Olympics but similar concerns could clearly be raised about the organisation of policing in the capital. As well as arguments and delay the lack of a single source of clear leadership could easily lead to a lack of strategic direction.

*The Metropolitan Police should be responsible, as far as possible, to the Mayor of London.*

## 2. Learn lessons from other countries

As major commercial centres New York and London have a lot in common. The experience of New York in achieving radical cuts in crime (37 per cent in three years) provides important lessons for fighting crime in London. Two examples:<sup>5</sup>

- *Detailed and up to date crime statistics* – progress is being made in this area but London is still a long way from having the detailed information and reporting that New York has with CompStat. Geographically detailed and right up to date information can allow for far more efficient use of police resources.
- *Tackle low level crime, quality of life, crime* – this is often, unfortunately, represented as “zero tolerance” which can be misunderstood as an unthinking over-zealousness. Instead, the idea is simply to take crimes like vandalism that are individually minor but, taken together, have a very severe effect on communities. This both improves the quality of community life and arrests a progression to more serious crimes.

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<sup>3</sup> Greater London Authority Website, ‘Policing’, <http://www.london.gov.uk/gla/policing.jsp>

<sup>4</sup> Public Accounts Committee, ‘Uncorrected Transcript of Oral Evidence’, March 2007

<sup>5</sup> Bratton, W. J. et. al. ‘Zero Tolerance: Policing a Free Society’, Enlarged and Revised Second Edition, Institute of Economic Affairs Health and Welfare United – Choice in Welfare No. 35, January 1998



### **3. Launch an ambitious drive to cut police bureaucracy**

Home Office statistics suggest that police officers across the country spent around 20 per cent of their time on various forms of paperwork.<sup>6</sup> Sir Ronnie Flanagan's report<sup>7</sup> for the Government put forward recommendations that, he argued, would save time "in ways equivalent to more than 3,000 additional officers."

This has to be good news but might not be nearly ambitious enough. There are more than 140,500 police officers across the country.<sup>8</sup> If time spent on paperwork could be cut in half (with modern technology ten per cent of an officer's day does not seem unreasonable) then 10 per cent of police time could be saved; equivalent to 14,050 officers across the country and over 3,000 in London alone (as the Metropolitan Police Service employs 31,141 officers<sup>9</sup>).

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<sup>6</sup> Steele, J. 'Bobbies on beat for one hour in seven', *Daily Telegraph*, December 2007

<sup>7</sup> Flanagan, R. *'The review of policing: final report'*, February 2008

<sup>8</sup> Home Office, *'About the police'*, <http://www.homeoffice.gov.uk/police/about/?view=Standard>

<sup>9</sup> Metropolitan Police Service, *'About the Metropolitan Police Service'*, <http://www.met.police.uk/about/>

## 4. Sources & Methodological Issues

### Home Office estimates of the costs of various crimes

The Home Office first studied the cost of crime in 2000.<sup>10</sup> They used a range of information from the insurance industries, the criminal justice system and survey data to estimate the different economic and social impacts of each type of offence. That information was then used to provide estimates for a range of crimes and for the total cost of crime in the United Kingdom, which they estimated to be £60 billion.

In June 2005 the estimates for crimes against the person were revised.<sup>11</sup> The most significant change was a reduction in the estimate for violence against the person thanks to a new survey of the emotional and physical costs of serious wounding replacing a previous, largely arbitrary, estimate. This seriously reduced the estimate of the costs of violence against the person and offset a rise in the costs of less serious injuries and murder. Estimates of the cost of crime against businesses were not revised.

As our crime data is from 2006-07 we have updated the Home Office estimates to 2006-07 prices using the Treasury GDP deflators.

**Table 3: Various estimates of the economic and social costs of different types of crime**

Crime	HORS 217 (2000 prices)	2005 Home Office update (2003 prices)	2006-07 prices
Violence against the person (not including Common Assault)	£19,000	£10,407	£11,225
Common Assault	£540	£1,440	£1,553
Sexual Offences	£19,000	£31,438	£33,908
Robbery/Mugging	£4,700	£7,282	£7,854
Burglary in a dwelling	£2,300	£3,268	£3,525
Theft	£600	£844	£910
Criminal Damage	£510	£866	£934
Burglary not in a dwelling	£2,700	-	£3,164
Theft from a shop	£100	-	£117
Robbery/till snatch	£5,000	-	£5,860

<sup>10</sup> Brand, S. & Price, R. 'The economic and social costs of crime', Home Office Research Study 217, Economics and Resource Analysis – Research, Development and Statistics Directorate, Home Office, 2000

<sup>11</sup> Dubourg, R. et. al. 'The economic and social costs of crime against individuals and households 2003/04', Home Office Online Report 30/05, Research, Development and Statistics Directorate, Home Office, June 2005

## **Crime Data**

These estimates of the average cost of a given type of crime were combined with figures for reported offences in London from the Metropolitan Police.<sup>12</sup> The number of crimes in each of the areas listed above was multiplied by the latest estimate, in 2006-07 prices, of the economic and social costs of that crime. For ease of understanding, earlier in the report the last three categories – burglary not in a dwelling, theft from a shop and robbery/till snatch – were combined into 'Crime against businesses'.

## **Reported crime compared to total crime**

When the Home Office studies translated their estimates of the average cost of crime into an estimate of the total cost they scaled up the number of reported crimes to take account of the number of crimes that go unreported. They recommended that future studies follow a similar approach.

We have elected to stick to recorded crime. The multipliers that the Home Office researchers use to convert recorded to total crime are necessarily unreliable. There is no way of knowing a precise relationship between recorded crime and the unknown actual amount of crime. Beyond that, the true multipliers might actually vary substantially between London boroughs and using a single ratio to convert from recorded crime might, therefore, be inappropriate.

## **Murder**

Murder has been included, in our study, in violence against the person and increases the average estimate of violence against the person substantially. This means that we have, effectively, assumed a constant rate of murder as a proportion of violence against the person.

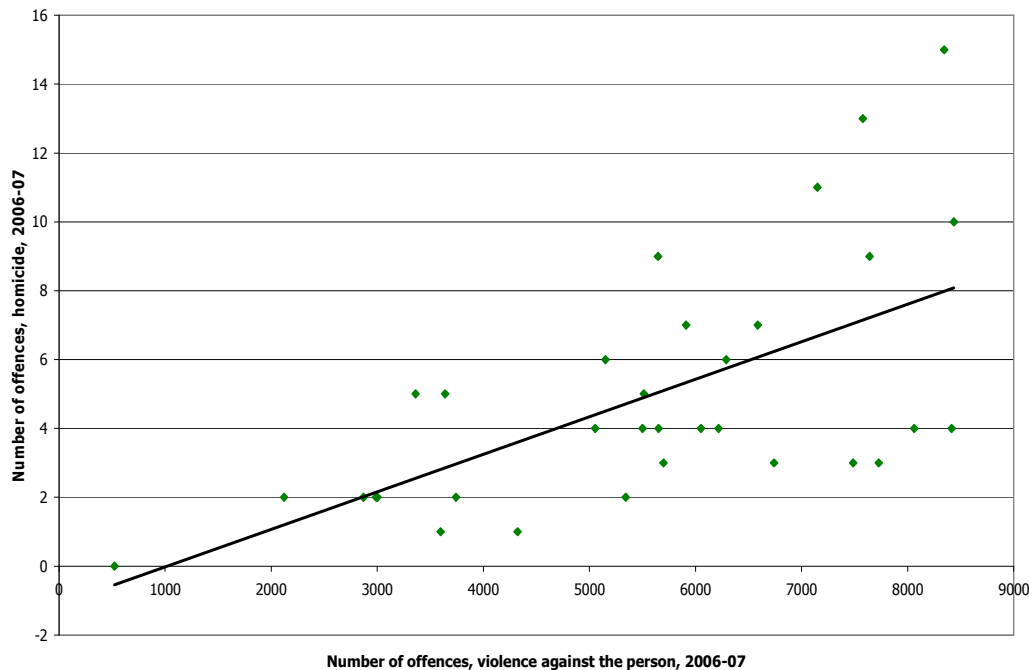
An alternative would have been to separate murders from other violence against the person. This would be useful to the extent that some boroughs have more murders relative to the amount of violence against the person and separating out murders provided a more accurate picture of the true costs of crime in each borough.

Figure 4 shows the number of homicides and violence against the person offences in London in 2006-07. It shows that, by including murder in violence against the person we will lose some detail, as there is clearly variation in the relationship between the two crimes, but murders do increase broadly in line with violence against the person.

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<sup>12</sup> Metropolitan Police Service, *Crime Statistics – Financial Year 2006-07 Summary*, 2007

**Figure 4: Number of homicide offences compared to violence against the person offences**



The problem with separating out murders would be that, while there were 162 murders across London, the number in some individual boroughs was quite low. In nineteen boroughs there were fewer than five murders in 2006-07. Such infrequent crimes could very easily show extremely high variation from year to year without any underlying social change. As the economic and social cost of a murder is very high – £1,458,975 in 2003/04 – a single, freak event featuring multiple homicides (e.g. a major incidence of arson) could substantially add to our estimate of a borough’s total cost of crime. Using an estimate, constructed on the basis of UK-wide data, of violence against the person including murder seems more like a more reliable way forward.

### **Resident versus ‘place of work’ population**

In order to calculate the amount of crime per person we have compared our estimates of the total number of crimes with the 2007 resident population of each borough.<sup>13</sup> This does not perfectly capture the per person impact of crime as it does not account for the extent to which crime in a given borough is faced by people who are not resident but instead work in or visit the borough. This effect is likely to vary significantly between boroughs and

<sup>13</sup> Office for National Statistics, ‘Revised 2004-based Subnational population projections’, Table 4 – London boroughs by sex & quinary age, September 2007



probably accounts for Westminster's particularly high cost of crime per person.

### **Fraud and other crimes where costs cannot be isolated**

There are a number of offences for which there are no good estimates of average cost per crime. For example, of the £60 billion cost of crime that the Home Office estimated in 2000, £13.8 billion was the cost of fraud and forgery. However, no average cost was presented. Even if such an estimate did exist the geographical location of a fraud may be somewhat meaningless if someone is defrauded by e-mail, post or telephone. For that reason fraud has been left out of our estimates along with other crimes such as motoring offences. This, combined with using reported crime figures, almost certainly means that our estimates are something of an underestimate but it seems absolutely right to continue to err on the side of caution.

### **The City of London**

The City of London has been left out as, with a tiny resident population (less than 10,000), an independent police force and otherwise exceptional circumstances, comparisons between the City and the London boroughs are unlikely to be useful.

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