



Strategic Policing and Crime Board

18 August 2020

Police and Crime Plan Priority: *Strengthening Communities and Buidling the Economy*

Title: *Economic Development Strategy Update*

Presented by: *Brendan Warner-Southwell, OPCC Economic Development Lead*

Purpose of Paper

1. The purpose of this report is to provide the board with an update on the work being undertaken to develop the Police and Crime Commissioner's Economic Development Strategy.
2. This paper is for discussion and the board is asked to support the ongoing development of the work.

Background and overall strategy

3. Economic Development has a been a central component of the Commissioner's strategic focus since he came into office. A great section of the PCC's Police and Crime plan focuses on economic development and what this means for reducing crime and the causes of crime. Subsequently, in 2017, the Commissioner published his Economic Development Strategy, which added further detail to how the PCC would support economic development as a means of supporting policing and reducing crime. The COVID-19 crisis has brought the need for this element of the Police and Crime plan as a strategic priority in to sharp focus. With the PCC's Emergency Chapter great emphasis was again placed on economic development and how he would work to support the regions economy through this period. Subsequently to this the PCC has published his New Generations Deal report, written by his Strategic Advisor and his office's broad Economic Recovery report. This paper will outline the strategy, commitments, actions and asks which are articulated in these post-COVID documents and update the board on our plans and actions to either implement or secure the changes they highlight.

The Covid Context

4. The economic consequences of Covid-19 are going to be significant. The last few months have seen an unparalleled shutting down of large parts of the economy. Forecasters state that the UK is on course to enter an 'unprecedented recession' that is likely to be the deepest we have seen in a hundreds of years. The unemployment rate is set to double, with more than two million people expected to lose their jobs by the end of June.
5. The West Midlands is expected to severely feel the effects of this crisis. Consultancy firm KPMG predict that the economic impact of the coronavirus pandemic will hit the West Midlands harder than any other region. They have said that an analysis of the likely impact this year on the UK's regions, showed that the closure of car plants and mothballing of hundreds of factories connected to the automotive sector, meant the region's economy would shrink by 10.1%. The West Midlands is already home to some of the UK's poorest communities. Three of its seven local authorities - Birmingham, Sandwell and Wolverhampton - are in the top 20 most deprived in the country. Many people within these communities work in low paid and insecure jobs. The economic downturn we are now seeing has meant many of these jobs are disappearing first, with the West Midlands disproportionately affected and at risk of mass unemployment. As McKinsey found in their recent report,

"People and places with the lowest incomes are the most vulnerable to job loss. Nearly 50% of all the jobs at risk are in occupations earning less than £10 per hour."

The forecasted economic effect of Covid-19 is very likely to hit these already disadvantaged communities extremely hard.

6. The economy is intrinsically linked to crime. Countless research studies have been conducted on both the effect that crime has on the economy and also the knock on effects that economic down turn have on crime. The Home Office's 2018 report into the The Economic and Social Costs of Crime, estimates that, for the 2015/16 period, the total cost of crime against individuals was in the region of £50billion and £9billion for crimes against businesses. Further, if we look to Ministry of Justice's 2019 report into the yearly cost of reoffending we can see that for the 2016 period, the yearly cost of reoffending was in the region of £18.1billion.
7. We can also view this from the reverse perspective, that when society goes through a period of economic hardship there will be an adverse effect on society, which in turn leads to a rise in crime. Crime can be an indicator that not all of the correct economic levers are being pulled in order to reduce impact and harm on people. This can be seen no more clearly than the United Nation's report on the impacts of economic down turn on crime after the 2008 global financial crisis.
8. Similarly, we have a seen a change in factors over the Covid-19 period which have resulted in an increased likelihood and record of certain crime types over the initial period of this crisis. Fraud is anticipated to increase over the next few weeks and months, we have seen an alarming increase in online related Child Sexual Exploitation over this period, as lock down eases and victims are able to present at local authorities we are expecting to see a spike in recorded cases of domestic abuse. All of these crimes have economic consequences for the individuals involved and therefore also an impact on the wider economy.

The overarching strategic response to Economic Recovery in the time of Covid:

9. In early April of 2020 the PCC published his Emergency Chapter, an update to the 2016-2020 West Midlands Police and Crime Plan. This chapter was not intended to overwrite the current Police and Crime Plan, which will still be worked against until the Commissioner leaves office in May 2021, but will provide new objectives to suit the needs which have been generated with the current crisis. As early as April it was recognised in this chapter that aspects of economic recovery would have to be considered as our proposed recovery for the next year. In the PCC's Emergency Chapter great focus was given to economic recovery. The Chapter was split into four key themes:

- West Midlands Police responds efficiently and effectively to COVID-19, and works in partnership to protect the public of the West Midlands
- Protect the organisational health of West Midlands Police, so it not only responds to the national emergency effectively, but recovers and returns to normality as quickly as possible
- Leading and supporting a partnership response to the national emergency
- Ensure the Office of the Police and Crime Commissioner does all it can to effectively respond to the national emergency, including commissioning services that mitigate its effect and support the return to normality

10. This final theme focused on the recovery element of the plan back in April, whilst Britain was in lockdown. As part of that was a focus on economic recovery. The Chapter reads:

'Supporting wider economic activity The crisis will have significant economic consequences. We will use the OPCC's spending power, and the spending power of the Force, to ensure that we procure in a way which will benefit the economy of the West Midlands. We will seek to buy services and goods locally, and use social value assessments to shape procurement decisions as far as possible. We will work with public sector partners to adopt a similar approach.

We will work with our partners to identify and support businesses which have an elevated risk of crime during this period. We will work with partners to support the economic recovery of the region, as we recognise the potential risk of unemployment and economic harm on increases in crime.'

11. Having this strategic focus on economic recovery means that our progress against this commitment is assessed through the relevant forums where our progress on the Emergency Chapter is assessed. This means that the overall economic workstream sits under the strategic structures in place around the Emergency Chapter.

The Economic Focused Strategy – Economic Recovery with Policing and Crime

12. On the 2nd of July 2020 the PCC launched his report on the importance of policing and crime when looking at economic recovery from Covid-19. This report was titled: [Economic Recovery from COVID-19: The Importance of Policing and Crime when Supporting the West Midlands Economic Recovery from Covid-19](#). This report set out to articulate to the wider West Midlands public and private sectors three things. Firstly the way in which crime, and therefore policing, is inter-related with economic recovery. See points 6 and 7 for details of this. Secondly what our offer is the West Midlands to help mitigate the areas we interact with, which have an economic impact, from being adversely affected by the pandemic. Finally the report seeks to make requests of both the public and private sectors of the West Midlands to state what is needed from partners to mitigate the worst impacts of Covid-19 on economic recovery in the areas we interact with.
13. To discern which areas of focus needed to go into the report senior staff members across the PCC's office were consulted, whose views ultimately decided which themes would be included in the report. The report is therefore comprised of the following themes:
 - Unemployment
 - School Closures
 - Youth Violence
 - Fraud
 - Criminal Justice System
 - Organised Crime
 - Business Crime
 - Homeless Population
 - Victims Services
 - Child Sexual Exploitation
 - Transport
 - Community Restart
 - Substance Misuse
14. This report will not go into the detail of all of the offers and requests in the Economic Recovery from Covid-19 report, but will articulate how this report is being used to articulate our asks to partners.
15. Behind this report sits an action plan which has been added to by staff from across the OPCC. This action document details forums where sections of this document needs to be taken in order to be able to make the requests stipulated within the report. At present the contents of this report has been taken to a number of different forums including West Midlands CSP, the Combined Authority's Economic Recovery group, Local Criminal Justice Board and a number of different CSPs. Further forums in which the report will be taken are yet to be finalised.

Youth Unemployment – A Future Generations Deal

16. As is clearly highlighted in the Economic Recovery report, one of the key elements of the financial crisis we are about to enter, which will have a huge impact on crime levels, is the likely increasing levels of youth unemployment. In late May of this year, the PCC's Strategic Advisor published a report stipulating what needed to be done by the government to mitigate the 'ticking time bomb' of youth unemployment. The report highlighted how costly unemployment, and as a result poor wellbeing is to society, with repercussions being felt not just in policing and the criminal justice space but also with regards to the knock effects to the health and social care sectors as well as the strain on the benefits system. The report then gave a series of 13 recommendations for government stimulus packages which needed to be developed in order to mitigate the levels of youth unemployment we are likely to see. These 13 suggested areas were as follows:

- New Youth Deal

Which is a call for funding for employers to provide entry to jobs and training for young people. This is a call for two streams of funding. Firstly, funding to go to businesses to encourage them to reach out to young people who are already disenfranchised. The second element of this is to provide wrap around support regarding mental health and self-confidence. An example of the type of support model which could be commissioned is the Enterprise for Employment model the DPCC has just commissioned in Birmingham, which provides a 'place then train' wrap around support model to securing and then sustaining work. Disadvantaged young people need support sustaining work, not just getting into it.

- Green Energy Youth Deal

This is a call for government to invest in training the next generation of young people in renewable and green energy sectors. The hope is with this that this will simultaneously provide great careers and tackle the climate crisis.

- Health & Social Care Youth Deal

A stimulus package focused on creating jobs within the health and social care sectors.

- Post-apprenticeship Deal

A package to ensure that investment in new skills is not lost once a young person's apprenticeship ends. Young people need to have security that there is work on the other side of their apprenticeship

- Young Entrepreneurs Deal

A call on the government to provide support to organisations who support young people into business or starting their own social enterprises.

- Youth Community Deal
An ask of government to provide funding to facilitate large community projects that provide opportunities for meaningful skills and training development.
- Further Education Deal
There should be a stimulus package by government to provide additional funding to further education colleges to help them reach out to young people not in education and support them into new virtual courses focused on skills.
- New Study Deal
A call on the government to create a new grant programme to provide more opportunities for virtual and post-lockdown learning.
- Youth Virtual World Deal
This is a call on government to provide a package to help young people access virtual education tools. It was stated in the report that this should be accompanied with a training package for parents and guardians on safeguarding their children from online exploitation and scams.
- Youth Mental Health Deal
This was a call for the government to look urgently at funding for mental health support services for young people, such as through virtual counselling services or mentors with mental health expertise attached to schools or further education.
- Happy Schools Deal
This is a call for a fund from government to allow schools to maintain closer relationships with young people, who are experiencing social challenges, whilst they are experiencing the adverse social and economic consequences of Covid-19. The report states that if we do not intervene to support young people at the earliest opportunity with the multiple social issues already present and made worse outside of school, then we are likely to have a generation of people who won't be able to contribute to the economy, which will cost society greatly.
- Community Teams Deal
This was a call for the government to provide funding to community hubs that have sprung up across the West Midlands and the UK to help local people in this time of crisis. This will help the hubs to solve problems before they get so bad that some young people living in these conditions fall into sustained unemployment and crime.

17. All of these recommendations are outside of the PCC's remit to implement. This document was intended to be used as a tool to lobby and start conversations with partners about how to implement the necessary changes which are needed to mitigate

the 'ticking time bomb' of youth unemployment. This report has been successful in that end.

18. Subsequent to this report, there have been several government statements and a summer budget which have been intended to mitigate the problems highlighted in this report. The OPCC would argue that the drives announced by the Chancellor in the Summer budget and the Prime Minister's speech in Dudley do not go far enough for the following reasons:

- The £1000 furlough incentive is not likely to have much impact when over half of UK businesses are likely to have to lay staff off over the coming months (YouGov Poll).
- The apprenticeship guarantee is a payment of £2000 for each apprentice hired over 25 and a payment of £1500 for each apprentice hired over 25. As mentioned in our New Generations Deal, thought needs to be given to both ensuring that apprentices are paid a fair wage and also that they are supported post their apprenticeship. This is a concern which is shared by the City and Guild Group, who have asked for funding specifically into lifelong learning hubs in the areas which are most impacted by unemployment. We should ask if the CA have factored in the apprenticeship cliff and how they plan to address this.
- Eat out to Help Out will support those who can afford to eat out to pay less for their meals out but isn't the significant boost the hospitality sector needs, certainly isn't anywhere near the targeted support needed for the cohorts we interact with.

19. What's really missing from the governments plans is tailored support to suit the needs of communities who are going to be hardest hit by the upcoming economic downturn. The New Generations Deal offers a suite of support that matches the numerous needs of the disadvantaged communities which are being adversely affected.

20. For this reason the PCC's Strategic Advisor has had traction when approaching the Welsh government with this as a plan for them. The campaign for a detailed and substantive plan for tackling this youth unemployment crisis from government, continues.

A Response to Economic Crime

21. In the UK the City of London Police (CoL) states that £2.2 billion was stolen from victims through fraudulent activity in the 2018-2019 financial year, with a reported 741,123 cases. However Experian, the credit rating agency, project the total cost of fraud to the UK economy to be closer to £193billion. In the West Midlands 35,964 cases were reported with a total loss of £58.8 million lost to victims in the same financial year. Given Experian's projections, the total impact of fraud on the West Midland's economy is likely to be much greater than that which is recorded. This was the national and local fraud picture at the start of this year. Covid is likely to have exacerbated the UK's vulnerability to this crime further.

22. Previous trends after natural disasters and great world events, such as the 2008 financial crash, have all seen a spike in cases of fraud in the aftermath of the event. Even after the Australian Bush Fires we saw a spike in Australian fraud cases, with a

spread of charity donation scams across the globe. The reasoning for this is because disasters present current and potential fraudsters with the fraud triangle: opportunity, motivation and rationalisation.

23. From an opportunity perspective COVID has presented current and future fraudsters with the perfect climate in which to commit fraud. People are feeling vulnerable, especially financially, they feel isolated and removed from friends and family. They are also in constant reach of technology, be this either for work or domestic purposes. This therefore provides great opportunity for fraudsters. There are also greater opportunities now than ever, with an altered normal – people do not know the current boundaries of this climate and what to expect from statutory services. This therefore means that both businesses, individuals and indeed the state are more susceptible to financial crime.
24. From a motivation perspective, there will of course be pre-existing fraudsters taking advantage of the current climate. However, at present, and over the coming months, people will be being placed under increased financial hardship. This will in turn motivate individuals who historically have not committed fraud, to consider taking advantage of the opportunities which are presented to them.
25. The final element of the fraud triangle is rationalisation. This is ultimately the process a fraudster goes through when they justify a fraudulent act. A fraudster will weigh up the chances they are for getting caught and/or the overall harm they will cause; versus the pay off and reward for committing the crime. In the COVID climate we are seeing this come to bear with clear results, where fraudsters clearly believe they can get away with committing fraudulent crimes because of the sheer number of opportunities which are presented.
26. It should be noted that the City of London Police, over the past few months, have seen an increase in the total number of COVID related frauds, they have not seen an increase in the total number of frauds being reported in to their central reporting mechanism – Action Fraud.
27. At present, reporting of fraud is so poor that this does not give us an accurate picture of whether we are actually experiencing a national increase in frauds committed. That being said if we look at the trends of previous national crises, especially those that have deep ramifications for the economy, we can expect to see numbers of fraud cases rise for the period when people are experiencing extended financial hardship. We are therefore presently at a point, that as a region we need to be improving our coordination around economic crime.
28. The West Midlands is one of the great UK financial and economic hubs. The focus of a number of financial businesses having premises and even headquarters within the area makes us more likely to experience fraud against our businesses than other areas; a great number of jobs rely on our financial sector flourishing. This leaves our region more open to fraud and therefore our economy is more vulnerable to financial crimes.
29. At the OPCC we have been working hard to lobby for change in how the UK responds to fraud. Our recommendations for how this change can be achieved are to be published in a report in September which has been produced in partnership with Birmingham City University. The focus of this report is how the current crisis provides

opportunity for reform across the UK and provides a series of 15 recommendations for how the UK's response can be improved. This report will form the bedrock for our lobbying and policy development over the next 12 months. We already have interest in this report from a number of key policy makers in the national fraud space.

Next Steps

30. The board is asked to acknowledge the contents of this report and support our suggestions for advancing the PCC's Economic Strategy over the remainder of the PCC's term in office.

Author(s): Brendan Warner-Southwell

Job Title: Policy Officer