

2 January 2007

Our ref: ICAEW Rep 01/07

Lorna Brown
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By email

Dear Ms Brown

PUBLIC SERVICE AGREEMENT: COMMUNITY SAFETY AND JUSTICE

Introduction

The Institute of Chartered Accountants in England & Wales (the 'Institute') is responding to the issues outlined in the consultation paper "Public Service Agreement: Community Safety and Justice" published in May 2006. We hope that this brief response will help inform the debate, though we recognise the submission is very late.

The Institute operates under a Royal Charter, working in the public interest and has been a leading contributor in the policy debate over the fight against financial and economic crime over the last decade or longer. As an accounting professional body, we are particularly aware of the damaging social and economic effects that are caused by money laundering and other financial crime. As the largest accountancy body in Europe, the Institute's 128,000 members run and advise businesses of all sizes across virtually every economic sector.

The Institute is regulated by the Department of Trade & Industry (DTI) through the Financial Reporting Council. As a world leading professional accountancy body, the Institute provides leadership and practical support to over 128,000 members in more than 140 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained. The Institute is a founding member of the Global Accounting Alliance with over 700,000 members worldwide.



Targets for Community Safety and Justice

The consultation document states the aim that targets should be specific, measurable and ambitious, and that aim is achieved in the current SR04 targets for the Criminal Justice System, which are listed in Annex A to the consultation, paragraph A.1.1 as:

- Reduce crime by 15%, and further in the high crime areas
- Reassure the public, reducing fear of crime and Anti-Social Behaviour and building confidence in the Criminal Justice System without compromising fairness.
- Improve the delivery of justice by increasing the number of crimes for which an offender is brought to justice to 1.25 million.

We understand that the first of these targets is measured against the British Crime Survey, and that the third is measured against the number of criminal offences for which a conviction has been achieved.

In setting targets, besides the importance of ambition and measurability, it is equally important that they are sufficiently comprehensive, that they do not lead to neglect of some vitally important areas by being too abbreviated. Similarly it is very important that they are not counter-productive, by making the measurable important at the expense of equally vital but harder to measure elements of functionality.

In the criminal justice system it is vital, in our view, that there are no areas where it is believed that profitable crimes can be committed at low risk of detection; no areas of crime which if they are detected are at low risk of prosecution; and no areas of crime which if prosecuted are at low risk of a level of sentencing which matches the measure of the scale or profitability of the crime. To set targets which omit to cover large areas of profitable crime will inevitably tend to produce just such an effect. This will lead to persons who would not otherwise be tempted to crime doing so, in the belief that the risks to themselves are insignificant. It also enables organised criminals, and similar persons, to build and grow their enterprises and expand into other more dangerous areas. The long term effects of inadequate targets for the criminal justice system will therefore be likely to be cumulative and very serious.

We believe that the current three targets are seriously deficient, in the following ways:

- they lead to neglect of crimes against business, which are not measured by the British Crime Survey, and hence have no specific targets against which their crimes are recorded;
- they lead to neglect of financial and economic crimes, since these tend to cause less fear than more physical crimes, though they still cause untold distress and hardship, besides the economic and social damage caused locally and nationally. Nor do they address the injustice of the fact that reparations for loss are rarely made; and

- they lead to neglect of complex crimes, by setting the third target without allowance for the fact that some crimes are inevitably more costly than others to investigate and prosecute, but should still not be able to be committed with apparent impunity.

Though economic and business crime are sometimes perceived as being of relatively low political importance, this is not always the case, as is apparent from the recent high profile which has been given to identity theft. The criminal justice system should also have targets which incorporate the possibility of involvement, with other Government agencies, in such high profile concerns as the insolvency of Farepak and the mis-selling of pre-paid funeral plans.

The Institute has been heartened by some recent initiatives taken by the Government in the fields of financial and economic crime. These include the continuing reform, and better use made, of the money laundering reporting system (including the improvements following the Lander Review); the reform of the law on fraud and the conclusions of the Fraud Review, and the recent Government initiatives on foreign corruption. These reforms have our full support and we commend their continuation and implementation. But they will not be fully effective, if they do not have the undivided support of the rest of the criminal justice community. And that support will be unlikely to be wholehearted, if resources are denied because Government targets are not set in a way that ensure that they are included in the measured performance of all the various bodies involved.

For these reasons, we believe that the targets from the Criminal Justice System in SR07 should be augmented, to include measures which will accommodate, at least:

- a measure of crime which includes crimes against business as well as against individuals;
- a measure of reduction of the estimated proceeds of crime, in total;
- a measure of the quantum of recoveries and restitutions to the victims of crime.

Please contact me should you wish to discuss any of the points raised in this response.

Yours sincerely



Felicity Banks
Head of Business Law