



Home Office
BUILDING A SAFE, JUST
AND TOLERANT SOCIETY

The Cost of Crime *versus* The Cost of Crimes

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Cost of Crime Programme in England and Wales

- Produces estimates of the economic cost of a range of crimes against individuals and businesses
- www.homeoffice.gov.uk/rds/pubs/pdfs/hors217.pdf
- Overall 'burden' of crime - £59.9bn in 1999 - 'scale of problem'
- Unit costs of individual crimes for use in cost-benefit analysis
 - Serious wounding
 - Robbery/mugging
 - Common assault etc
- Unit costs 'built up' of cost components
 - Lost output
 - Property lost/damaged
 - Emotional and physical costs

Gaps and developments in the Cost of Crime Programme

- Emotional and physical impact of violent crimes 'transferred' from values estimated for non-fatal road accidents
- No estimates of the cost of the fear of crime, despite a Home Office aim being 'to reduce the fear of crime'
- Empirical research to value the emotional/physical costs of violence
- Research into the economics of the fear of crime



Empirical research into the costs of the physical impacts of violence

- Range of violent crimes against individuals
 - Serious wounding - With intent
 - 'Other' wounding - No intent
 - Common assault - Minor or no injuries
 - Sexual offences (including rape)
 - Robbery/mugging - Force with intent
- Define impacts of crime
 - Physical/emotional effects - eg cuts, bruises
 - Severity
 - Duration/time to recover
- Prevention of event or reduction in risk of event
- Monetary valuation



Empirical research - design

- Study 1 - LSE/Imperial College
 - Stated preference survey
 - Serious wounding, other wounding, common assault
 - Willingness to pay to *prevent* crimes with defined impacts
 - Willingness to pay to *reduce risk* of crimes with defined impacts
- Study 2 - UEA/Sheffield
 - Desk-based review of evidence
 - Serious wounding, other wounding, common assault, rape, sexual assault, robbery
 - Impacts on wellbeing relative to full health - QALY approach
 - Index values translated into monetary certainty equivalent values through application of existing estimate of value of preventing a road traffic injury



Empirical research - results

Unit values	HORS 217	LSE/IC	UEA/Sheffield
Serious wounding	£97,000	£21,200	£15,378
Other wounding	£120	£15,200	£2,539
Common assault	£240	£3,050	£587
Sexual offences	£12,000	-	£12,872
Rape	-	-	£45,256
Robbery/mugging	£240	-	£2,271
Totals			
Serious wounding	£10.7bn	£2.3bn	£1.7bn
Other wounding	£0.9bn	£11.9bn	£2.0bn
Common assault	£0.8bn	£9.8bn	£1.9bn
Sexual offences	£1.6bn	-	£1.3bn
Rape	-	-	£1.2bn
Robbery/mugging	£1.0bn	-	£9.5bn
Total	£15.0bn	£26.6bn	£17.6bn



Extending to the costs of the fear

- Home Office aim is to reduce the fear of crime
- CBA of interventions requires value for the cost of fear
- Fear of crime poorly defined in criminology literature
- Need to consider economic definitions to make economic valuation possible
- Can only then decide on appropriate valuation approach

Questions:

- Is the cost of the fear of crime separate from the costs of crimes?
- Should the fear of crime enter CBA separately?
- Or do the HO aims 'to reduce crime and the fear of crime' just collapse onto one another?



An economic interpretation of the fear of crime (1)

- Crime prevention is costly for individuals and government
- Optimal response is likely to involve a positive residual risk of crime
- Are reports of the fear of crime just a reflection of this positive residual risk?
- Fear of crime as demand for further crime reduction measures?
 - Matches with reported patterns of fear (e.g. rich versus poor)
- Measures to reduce fear of crime just measures to reduce expected costs of crime
- Fear of crime not a separate cost. HO objectives met jointly

An economic interpretation of the fear of crime (2)

- Previous argument assumes people do not misperceive the real risk of crime
- Evidence that some people overestimate crime risks - the fear of crime as exaggerated risk?
- Matches with reported patterns of fear, e.g. the elderly, the rich
- Costs of misperception equal to 'excessive' prevention costs
- Appropriate intervention - to reduce risk misperception and 'excessive' prevention costs
- Measures to reduce the fear of crime without reducing crime itself
- Fear of crime subject to separate CBA but not itself different from existing definitions of the costs of crime

An economic interpretation of the fear of crime (3)

- Both previous arguments see costs of crime as
 - expected costs resulting from positive residual risk(1), or
 - excessive prevention costs (2)
- Expected costs of crime equal to potential actual costs in the future
- Prevention costs equal reduction in consumption of other goods and services
- But the fear of crime appears to affect wellbeing directly, now

An economic interpretation of the fear of crime (3)

- Suggests the fear of crime relates to real, actual 'psychological' impacts
- Might be independent of precautionary behaviours or actual crime experienced
- Tangible and intangible costs - depression, illness, absenteeism, unemployment (evidence?)
- Can value willingness to pay to reduce costs of fear - components of value
- Could affect results of CBA since currently not considered - some interventions not being passed because full benefits not recognised

Valuing the economic costs of the fear of crime (1)

- View the costs of fear as the day-to-day impacts on individual wellbeing - the state of 'living in fear'
- Research commissioned to translate state of 'living in fear' into QALY values (cf. violence against the person research)
- QALY values monetised through existing valuation estimates of other wellbeing impacts
- Values attached to individuals living in fear, not to crimes or victims
- Translate into estimates of fear 'burden' through application of (e.g.) BCS results on numbers reporting living in fear
- Not necessarily related to actual crime events - the cost of *crime*, not the cost of crimes



Valuing the economic costs of the fear of crime (2)

- Value of crime risk - function of two variables
- Expected value of crime (value of outcomes x probability of outcomes)
- Individual's value of risk/uncertainty
- 'Premium' attached to expected value to reflect 'absence of peace of mind'
- 'Risk aversion' could have similar effects on individuals as fear
- Could adjust (uprate) existing values to reflect risk aversion
- Costs of fear attached to specific crime types and events - fear as cost of *crimes* - check on cost of fear estimates
- Possible conflict between observed crime and reported fear of crime



Summary

- Costs of violence = loss of wellbeing from specific crime events
- Economic analysis of fear suggests costs = day-to-day loss of wellbeing, possibly unrelated to risk or crime events
- Cost of crimes versus costs of crime
- Research suggests 'less severe' violent crimes more costly than thought
- Research into costs of fear ongoing, but values not attached to crimes
- Alternative approach based on risk aversion would attach fear to crime events, but possible controversy/conflict - for future research