

# Covid-19: Operational Risk Management

## Protecting your people, assets and premises

Companies of all sizes have been greatly impacted by the spread of the Covid-19 virus, with many having to swiftly instigate contingency measures in order to protect their business, employees and assets. Even those firms which are permitted to continue to trade in order to support key workers and deliver key services are having to consider their contingency measures, given that they rely on the continued ability of their suppliers and service providers to support them.

Whilst Covid-19 will have already had a material impact on the way in which businesses are being run, given the daily changes to Government guidelines and support, contingency plans should be reviewed on a regular basis. Furthermore, it is likely that, for many companies, their first priority was to ensure that their business could continue to trade or, where this was not possible, to ensure that their premises were closed securely. However, there may be other matters, including legislative requirements, which businesses now need to consider and ensure they meet.

Below are a few helpful tips that businesses should consider in order to protect their assets and their employees.

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## Ownership and supervision

Your approach to dealing with how Covid-19 impacts your business should be comprehensive and robust.

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|-------------------------------|---|
| <b>Project</b>                | ✓ Treat your response and reaction to the impact of Covid-19 as a project, which requires careful consideration, planning and on-going monitoring.  |
| <b>Responsibility</b>         | ✓ Appoint a specific individual, who is suitably experienced and competent to oversee the delivery of the Covid-19 contingency plan, and ensure that all parts of the business are included and, where possible assign specific responsibilities to at least one representative from each area.   |
| <b>Communication</b>          | <ul style="list-style-type: none"> <li>✓ Implement a framework, which enables progress updates and issues or risks to be swiftly escalated to key decision makers.</li> <li>✓ Arrange frequent meetings to ensure that Senior Management are updated with any changes and that informed strategic decisions can be undertaken swiftly.</li> </ul> |
| <b>Management information</b> | ✓ Consider whether the Covid-19 Project Team and the Senior Leaders of the business are receiving the required level of MI in order to monitor the impact of Covid-19 and the success of the actions being undertaken.  |

## Risk assessment

Undertake an assessment of the key risks and vulnerabilities to your business arising from the impact of Covid-19.

- Scenarios**

  - ✓ Approach this by considering the different ways that Covid-19 will impact your business.
  - ✓ Firstly, take into consideration each of your firm’s critical activities and, subsequently, consider what dependencies these activities have on other processes, people and organisations. Also consider how they may be impacted by changes to the external environment, such as a downturn in the economy, closure of other businesses, prolonged inability to travel etc. As you start considering some scenarios, you will also uncover others, which would need to be assessed.
  
- Wider input**

  - ✓ Cascade this process to each of your business areas, seeking as much input as reasonably possible, as they will likely be aware of other risks, or consider the scenarios from different angles.
  
- Response and controls**

  - ✓ For each of the identified risks, consider if you have adequate measures, plans or controls to mitigate or manage the impact of those risk to an acceptable level.
  
- Prioritise**

  - ✓ Prioritise addressing those risk which are most likely to cause the greatest disruption and impact to your business and its employees.
  
- Updates**

  - ✓ Ensure that this assessment is reviewed and updated on a regular basis to ensure you deploying your efforts and resources where they are most needed.
  
- External changes**

  - ✓ We have published a list of useful websites outlining external changes [here](#).

## Business continuity

The continuity of your business operations is critically important, whether it be during the Covid-19 crisis, or resuming business operations when restrictions are lifted. This will go hand in hand with your risk assessment.

If you have been required to temporarily close your business or significantly reduce your operations, you should not wait until restrictions are lifted to plan how you will return to business-as-usual. Being prepared will provide confidence to your employees and stakeholders, reduce pressure on your people and suppliers, enable you to react quickly and possibly give you an advantage over your competitors.

- Succession**
  - ✓ Identify all key individuals at all levels throughout your firm, and assign an alternate that will be able to assume their responsibilities, should they become unexpectedly ill.
  
- Communication**
  - ✓ Identify all key stakeholders to your business, and develop a communication strategy to provide them with regular updates on your business operations, how they may be able to support and how this may impact them. These can include staff, clients, service providers, suppliers, regulators, media, and local communities.
  - ✓ A communication strategy will ensure a consistent message is delivered across all channels.
  
- Location**
  - ✓ If you and your employees are unable to operate from your normal place of business, consider if these activities can be undertaken elsewhere or by another third party service provider?
  - ✓ What strategy will you implement in order to deal with inability to access postal services and mail sent to your offices?
  
- Information Technology**
  - ✓ Do you have the required IT hardware and infrastructure to effectively enable activities to be undertaken remotely?
  - ✓ Can all systems and software be access remotely, and do individuals have the necessary licences to do so?
  - ✓ Will your IT infrastructure support effective and efficient mass remote working, or will it lead to delays, in which case, can these be managed?
  - ✓ Assess whether a lack of IT infrastructure will lead to some processes being undertaken manually, and what impact will this have on quality of service?
  - ✓ Are your IT security systems suitably robust to protect your business from increased and opportunistic cyber-attacks, and is this regularly tested?
  - ✓ Do you have the capability and resources to deliver effective IT support on a remote basis?
  - ✓ Do you have an inventory of all IT hardware that is being used and distributed?

## Clients

- ✓ Ensure you have a plan for informing clients of how your business is being impacted by Covid 19 and, where it is possible to continue to operate, how this is being achieved and the likely impact on them?
- ✓ Consider any contractual liabilities you may have with clients and, where necessary, engage with them to agree exceptions.
- ✓ Undertake an assessment of client demand for each of your product and services and, where necessary, redeploy resources as necessary.
- ✓ Do clients know how to direct queries?
- ✓ Do you have any vulnerable clients and do you need to adapt any processes to support their needs?
- ✓ Do any of your clients rely on you for legislative or regulatory requirements, and if so, what strategies can you apply to provide these products or services, and have you considered if there are any legislative exemptions being applied?
- ✓ Are you likely to see changes in the volume of client interaction and do you have the required resources to meet these and maintain client service levels?
- ✓ Have you considered whether you can deploy employees to customer facing roles (for example, customer services helplines), and what training do they require to do so?
- ✓ A well-structured and thought through plan may eventually lead to improved client relationships.

## Suppliers and service providers

- ✓ Identify your key suppliers and service providers, determine how they are being impacted by Covid-19 and what business continuity measures are they putting in place.
- ✓ Where inward services are being impacted, consider whether alternative providers are available or whether you can undertake some of these services yourself by redeploying resources.
- ✓ Consider any contractual liabilities you may have and, where necessary, engage with them to agree exceptions.

## Inventory

- ✓ Where you rely on raw material, components or stock, undertake an assessment to determine how long your existing inventory will last and determine whether you need to make adjustments to the way and speed by which they are used.
- ✓ Where you have excess inventory due to a reduction in existing client demand, consider whether any other industries or customer segments could generate a different demand.
- ✓ If you have been forced to close or are have had to reduce your operations, consider how you replenish your inventory to required levels to resume business as usual operations, and how long this will take.

**Support functions**

- ✓ It's natural to focus on the functions that generate business revenue. However, you should also ensure that all other support services have the required resources in order to fulfil their responsibilities, including HR, Payroll, Compliance, Legal, Finance, Marketing etc.

**Record keeping**

- ✓ Where your procedures or legislation requires you to maintain auditable records, consider how this can be achieved when employees are working remotely and where these can be safely stored.

## Employees

It is likely that during this time that some, if not all, of your employees will be required to stay at home and therefore be required to work remotely. This brings with it a number of challenges to the continuity of your business, but also a number of challenges to your employees, who will look to you for your support and guidance.

- Communications**
  - ✓ Ensure that there is a programme in place to deliver frequent messages to employees on the actions being undertaken by the firm in response to Covid-19 and that, where possible, support is being provided to employees.
  - ✓ Senior leaders of the business should take a prominent role in engaging with their employees and be at the forefront of delivering these messages.
  - ✓ Ensure that there is an open two way channel of communication, which allows messages to be cascaded down throughout the business, but equally important, that key observation, feedback and concerns can be escalated upwards to the correct levels of senior management.
  
- Supervision**
  - ✓ Agree and implement a framework to ensure that all employees remain under the appropriate supervision of line managers, team managers, divisional heads etc.
  - ✓ Consider whether senior leaders receive the correct management information in order to track the impact.
  
- Morale & social engagement**
  - ✓ Implement and promote an initiative whereby everyone feels connected and that they feel supported, whether this be by their line managers, colleagues, senior management etc.
  - ✓ Promote and support initiatives to ensure that colleagues continue to communicate on a social level, and be particularly mindful of vulnerable employees and those that would normally rely on work for their social interaction.
  - ✓ Mandate that teams hold regular video conference meetings, both in order to supervise work activities, but to also check in on their welfare.
  - ✓ Use tools such as Whatsapp to create groups, whereby teams can interact with each other, but also as a way to quickly notify someone if individuals are unexpectedly taken ill.
  - ✓ Go the extra mile and identify upcoming birthdays and take time to celebrate collectively.

- Availability**
- ✓ Consider the impact to your business if employees are prevented from working normal working hours or from working at all, including closure of schools and other social care services, or if individuals become unexpectedly ill.
  - ✓ Do you have a framework in place, which ensures that there is sufficient awareness and understanding of the activities being undertaken by others, so that they can be easily picked up if an individual becomes unavailable?
- Wellbeing**
- ✓ What initiatives and guidance have you put in place to support the mental health and wellbeing of individuals who will be working remotely for prolonged periods?
  - ✓ Identify and consider those employees that may be under greater pressure and stress as a result of balancing working remotely and maintaining other personal responsibilities.
  - ✓ Identify and provide additional support to vulnerable employees.
  - ✓ Make available a support framework and helpline to ensure that employees feel they can escalate any concerns and issues in confidence and quickly.
  - ✓ Refer to our [website](#) for more support on this.
- Volunteering**
- ✓ Do your employees have a desire to volunteer to support the NHS and, if so, have you considered the impact on your resources and potential associated employment law matters?
- Health and Safety Assessment**
- ✓ Whether employees work in your offices or remotely you will have a duty to ensure that health and safety legislative requirements are met.
  - ✓ Assess your health and safety obligation and determine how and if they can be met.
  - ✓ Provide your employees with guides which provides them with guidance on how to maintain their own health and safety, when working remotely.
- Training**
- ✓ Implement a training programmes, to ensure employees are fully equipped and knowledgeable on how to undertake their roles in new environments and under different circumstances.
  - ✓ Do they have access to policies and procedures that they normally would have available to them at their normal place of work?
  - ✓ Do they have access to training modules, policies or guides which provide them with information on how to look after themselves when working remotely?
- Annual leave**
- ✓ Have you formalised your policy with regard to employees taking annual leave during a period of self-isolation restrictions?
  - ✓ If employees cancel their annual leave, what impact will this have on your business later in the year?

## Financial

Although the financial implications for Covid-19 are difficult to predict, it is important that you start forecasting for how it will impact your business financially.

### Forecast

- ✓ Undertake regular forecasting of your financial position and determine how these may change as a result of the risks identified to your business.
- ✓ Consider and plan against exposure to external conditions, including changes to interest rates, volatility in financial markets and changes to foreign exchange.

### Support

- ✓ You should regularly review the Government web site to determine whether your business and its employees can take advantage of the financial support initiatives and protective legislation it has announced, including the availability of loans and grants, subsidising employee salaries, mortgage payment holidays and restrictions on tenant evictions by landlords.
- ✓ The following organisations and bodies provide further advice on the support made available and how they should be administered:

[UK Government](#)

[UK Finance](#)

[British Business Bank](#)

[The Money Advice Service](#)

[Financial Conduct Authority](#)

## Insurance

During this time, make sure you review all your coverage and wordings, whilst also familiarising yourself with the claims process.

- Coverage**
- ✓ Undertake a review of your insurance policies and consider whether or not they provide you with cover in the event that any of your risks materialise and you suffer a financial loss. These may include, Commercial Policies, Business Interruption, Travel Insurance, Directors' & Officers' Liability, Third Party Liability and Cyber cover.
  - ✓ Be clear on whether your policies would respond as a result of an event caused by Covid-19.
  - ✓ Both the Government and the Association of British Insurers recognise that most commercial insurance policies, in particular Business Interruption policies, will not provide cover for losses arising from Covid-19. This is primarily because policies will either not provide cover for infectious diseases or only provide cover for diseases specific in the policy itself.
  - ✓ You should seek clarity of the scope of your cover before making any business decisions and act prudently as if you are uninsured (until confirmed otherwise).
  - ✓ The Association of British Insurers provide useful guidance on various classes of insurance.
- Conditions**
- ✓ Consider whether any of your insurance policies include any conditions that must be met, for example conditions relating to unoccupied premises, inspections, security protocols, qualifications, notifiable events.
  - ✓ Will you be able to achieve these and has there been any dispensation from the government, for example, extending MOT certificates by 6 months?
- Claims**
- ✓ Are you familiar with the claims notification requirements of your policy, and do you have procedures in place to allow these to be met whilst working remotely?
  - ✓ Are you retaining records that you may be required to provide in the event of a claim, and are these easily retrievable?
  - ✓ Examples may include: visitor logs, sickness logs, cancellation of deliveries, confirmation of date of closure, assessments of actual revenue and forecasts, details of additional costs incurred as a result of implementing mitigating controls, travel records and cancellations.
  - ✓ Even if some of these are not ultimately covered, they will provide valuable insight into the effectiveness and suitability of your risk management controls.

## Legislative requirements

Whilst the Covid-19 situation is constantly evolving you may find it difficult to keep on top of regulatory changes or requirements. Below are some recommendations of what you should be doing to comply during this time.

### **Legislation and regulation**

- ✓ Identify each of the legislative and regulatory requirements that your business is required to comply with, and determine what strategies you will implement to be able to do so whilst working remotely.
- ✓ Refer regularly to Government and Regulatory websites as they continue to provide support and clarity on exceptions during the challenging Covid-19 period.

### **Data Protection Act**

- ✓ Ensure that you continue to review and assess the data protection and information security risks associated with remote working (for example, printing documents at home, using personal devices) and ensure that these are managed accordingly.

## Protecting your business premises or office location

Whilst the Covid-19 pandemic continues it is likely that company offices or premises are unoccupied. In order to protect material assets and employee safety the following guidelines should be considered.

Please note, most insurance policies will contain an unoccupancy condition – which is normally 30 days. Please contact your account executive if you are in any doubt or wish to discuss in more detail.

### **Supervision and security**

- ✓ Do you have dedicated individuals who can manage the maintenance of premises whilst they are unoccupied?
- ✓ Ensure all alarms, fire detection and security systems remain active and working during this time with regular testing. Notify emergency services and Insurers where necessary if anything related to these systems changes.
- ✓ Make sure all entrances to the site are secure and any openings have clear signage about occupancy.
- ✓ If post is not being regularly collected ensure it is redirected and letterboxes sealed up with clear signage.

### **Site tours**

- ✓ Arrange regular site visits daily to ensure the above is all in working order.
- ✓ Make sure to carry out a thorough check both externally and internally.
- ✓ Keep a recorded log of all this activity.

### **Maintenance**

- ✓ Heating should be left on during this time but all non-essential power supplies, machines and equipment should be switched off.
- ✓ Will there be any waste build up? Businesses may need to review or change their waste collection schedule.
- ✓ Make sure to drain any water, fuel or liquid supply tanks as necessary.

### **Processes**

- ✓ Processes and activity should be kept to a minimum and only on a necessary basis.
- ✓ Any processes that need to continue should be operated with supervision.