



CORONAVIRUS UPDATE 18/03/2020

## As the Novel Coronavirus (COVID-19) outbreak continues to spread it's understandable that businesses are concerned throughout the UK and the World.

It's also not surprising that businesses are now preparing for any potential impact on their operations. This includes the potential for business interruption, due to the presence of the virus on their premises, employee absenteeism, or supply chain disruptions.

As of today, businesses both large and small are implementing measures to allow staff to work from homes where possible to reduce the impact the virus could have on their operations. This is by no means an easy task as research suggests that only 4% of businesses can facilitate their entire workforce working from home, often because roles are customer-facing or involve providing a practical service.

It is advisable where possible to trial working from home in the coming days to identify any flaws in infrastructure to allow time to remedy the same before any social isolation recommendations become mandatory. Some solutions which support remote working are:

- remote desktops;
- call redirecting; and
- online office services.

## Impact of Social isolation

Many employers and employees alike are concerned about the negative impact of social isolation; also being referred to as 'social fatigue'. Employers are advised to ensure they keep in touch with their team regularly, and not just to establish they are actually working. This should include using video-conferencing facilities such as Skype.

## Self-isolation and sick pay

Employees and workers must receive any Statutory Sick Pay (SSP) due to them if they need to self-isolate because:

- they have coronavirus;
- they have coronavirus symptoms, for example, a high temperature or new continuous cough;
- someone in their household has coronavirus symptoms; or
- they have been told to self-isolate by a doctor or NHS 111.

If someone has symptoms, everyone in their household must self-isolate for 14 days.

Employers do often offer more than SSP – that is, 'contractual' sick pay, where employers should follow terms stipulated in employment contracts or custom that has been in place previously.

Employers are advised of the need to be flexible when requiring evidence from the employee or worker. For example, someone might not be able to provide a sick note (Fit Note) if they have been told to self-isolate for more than 7 days if they live alone or 14 days in a family situation (information up to date at the time of writing. Source: [www.gov.uk](http://www.gov.uk)).

## Caring for dependants

Employees are entitled to time off work to help someone who depends on them (a 'dependant') in an unexpected event or emergency. This would apply to situations to do with coronavirus. For example:

- if they have children they need to look after or arrange childcare for because their school has closed; or
- to help their child or another dependant if they are sick, or need to go into isolation or hospital.

There is no statutory right to pay for this time off, but some employers might offer pay depending on the contract or workplace policy. The amount of time off an employee takes to look after someone must be reasonable for the situation.

## Employees exercising caution

Some people might feel that they do not want to go to work if they are afraid of catching coronavirus. Employers should listen to any concerns staff may have.

Flexible working may be an option that can be offered under such circumstances, as an alternative to the use of annual or unpaid leave. If an employee refuses to attend work, disciplinary action can be taken.

## More long term measures

### Lay-offs and short-time working

In some situations, businesses might need to close down for a short time, or ask staff to reduce their contracted hours. Unless it says in the contract or is agreed otherwise, Employers still need to pay their employees for this time.

A lay-off is where employees are not provided with work by their employer and the situation is expected to be temporary. Short-time working occurs when employees are laid off for a number of contractual days each week, or for a number of hours during a working day.

Employers can lay someone off where there is an express contractual right. In the absence of an express agreement, both employer and employee may agree to alter the terms of the contract so that the lay-off is by mutual agreement. However, this will not necessarily mean that the employee has agreed to vary the contract of employment to allow future layoffs without pay.

Employees can be laid off without pay where there is a specific term in their contract allowing the employer to do so. When an employee is laid off, they might be entitled to a statutory guarantee payment from the employer, limited to a maximum of five days in any period of three months. The daily amount is subject to an upper limit which is reviewed annually. On days when a guarantee payment is not payable, it may be possible to claim Jobseekers Allowance through the local Jobcentre Plus office.

If the Employer thinks they will need to implement any change to the workplace, it is advisable to maintain effective communication with staff as early as possible and throughout the closure with adequate information.

## Holidays

Employers have the right to tell employees and workers when to take holiday if they need to. For example, they can decide to shut for a week and everyone has to use their holiday entitlement.

If the Employer does decide to do this, they must tell staff at least twice as many days before as the amount of days they need people to take.

For example, if they want to close for 5 days, they should tell everyone at least 10 days before.

This could affect holiday staff have already booked or planned. So Employers should:

- explain clearly why they need to close; and
- try and resolve anyone's worries about how it will affect their holiday entitlement or plans.

## Redundancies

With the news of Laura Ashley being plunged into Administration and many household names facing financial disaster due to the impact of Covid-19, it is expected that many businesses will need to restructure and reduce headcounts to ensure financial viability for the future.

Employers are reminded that redundancies can only be made if the job is no longer needed. This can happen if a business plans to:

- change what the business does;
- change location;
- change how they work, for example, use new machinery or technology; or
- close part or all of the business.

The usual statutory rights apply to entitlement to redundancy pay; in addition to contractual/statutory entitlement to notice pay.

Whilst the outbreak may have an immediate and significant impact on trading and businesses will struggle with the immediate economic downturn, Chancellor Rishi Sunak is expected to unveil a fresh round of support for firms imminently.

## Coronavirus and insurance considerations

One question being raised is whether insurance coverage might respond to virus-linked losses. This will be dependent on each policy wording, and whether the facts of each case, trigger coverage provisions.

### a] Property policies

Property policies typically require physical damage arising from a non-excluded or covered peril that manifests at insured locations to trigger a covered loss. Please also be aware that any cover would only apply should you be forced to close your business due to a Covid-19 outbreak in your actual premises. However, forced closures by local authorities due to risk control but where there is no actual outbreak on your own business premises, are not insured.

### b] Business interruption

There may also be some contingent business interruption extensions within a policy such as notifiable disease and/or non-damage denial of access. Where present, the wording of both extensions can vary significantly, and whether a policy will respond will also be dependent on individual circumstances.

### c] Legal liabilities

With regard to legal liability policies, documented evidence of your health and safety policies will be important to the defence of any potential claim.

The outbreak of the Novel Coronavirus (COVID-19) is an ever evolving situation, and to date, we have not received any claims relating to the virus. If you're concerned about your cover, in the first instance refer to your insurance policy wording, but it's wise to assume that your policy does not cover you.

## Managing your Coronavirus risks

To help you get prepared for responding to the Novel Coronavirus (COVID-19), Marsh (the parent company behind Bluefin Professions) has created a Coronavirus Resilience factsheet that gives guidance on managing operational impacts. We recommend that you develop and implement a 4-step action plan to help manage your risks, covered in the Marsh coronavirus resilience factsheet attached.

For further advice on managing Covid-19 in the workplace, please contact Jane Mills on [jmills@parkerrussell.co.uk](mailto:jmills@parkerrussell.co.uk) or on 0207 3787500

Please know that Parker Russell has a business contingency plan and we will do everything we can to support our clients during this uncertain period, please do not hesitate to [info@parkerrussell.co.uk](mailto:info@parkerrussell.co.uk) if you have any concerns or queries regarding the above or anything to do with the COVID-19 outbreak. We are here for you during this difficult time.

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RISK CONSULTING

# Coronavirus Resilience

Preparing for and Responding to the Novel Coronavirus Outbreak

## Are you prepared?

Given its rapid spread, the World Health Organization (WHO) has declared novel coronavirus (2019-nCoV) to be a public health emergency of international concern. While many firms plan for emergency situations that impact business continuity, most are not prepared for potential prolonged impacts on staff welfare, operations, supply chains, and the broader economy arising from a globally-spreading infectious disease. Organizations should take the time now to review their resilience and crisis response strategies and plans so that they are well prepared for the potential impacts of the novel coronavirus.

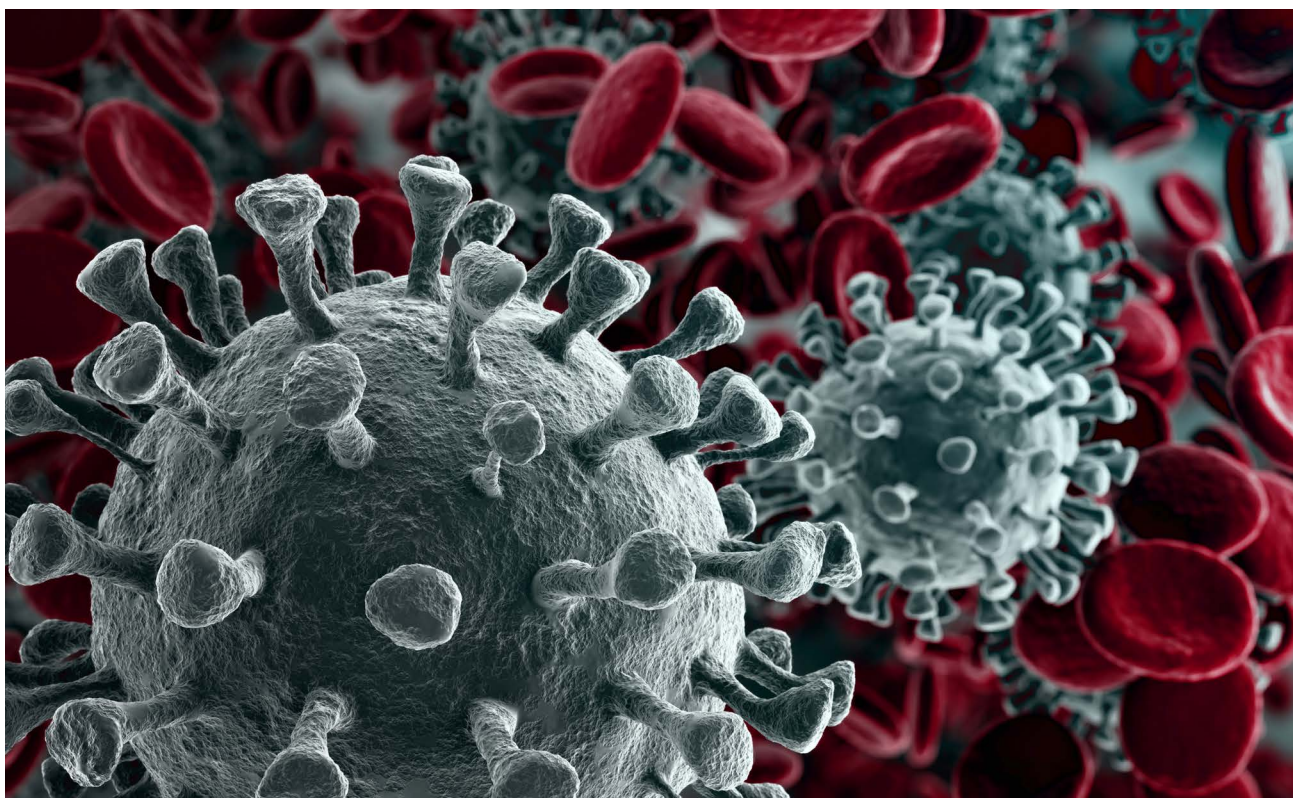
### Potential organizational impacts of the coronavirus

Being reactive to events will delay a recovery, increase response costs, and place a significant strain on senior management time available for business as usual, further compounding the disruptive effects of a pandemic event. Understanding the main likely business impacts you may face, and planning for these, is an important first step.

Businesses should pay particular attention to:

<b>People:</b> Put staff first.	Staff may fall ill, become anxious about the risks, or fail to show up to work due to safety concerns, caring for sick family members, and travel restrictions. Supporting your staff throughout a pandemic event and planning for any absences, particularly in critical roles, will be important.
<b>Travel:</b> Take advice.	Official travel advice may change as a pandemic spreads, meaning travel policies may need to be adjusted quickly. In addition to your own staff travelling, you should consider the potential risks related to any visitors arriving from infected areas.
<b>Operations:</b> Prepare for disruption.	Operational disruptions could lead to significant backlogs and increased costs of working. For some businesses, the event will cause a drop in customer demand, while others will need to be prepared to handle an increase.
<b>Supply Chain:</b> Manage supply chain vulnerabilities.	Supply chains may be disrupted with delays and be presented with cost increases for inputs or services, either through suppliers directly experiencing operational problems, as a result of travel restrictions, or scarcity of in-demand goods.
<b>Reputation:</b> Ensure that responses are timely and thoughtful.	An organization's behaviors during a crisis can significantly damage the trust of staff, customers, and other stakeholders. A poor response can have lasting negative consequences. Our research shows that a poorly-handled crisis results in an average and sustained drop in share performance of 12%.*

\*Marsh and Cranfield University, 2018.



## Managing operational impacts of the coronavirus outbreak

In terms of managing the impact of the novel coronavirus, Marsh Risk Consulting recommends that you develop and implement a 4-step action plan. Our team has the resources and experience to help you to:

	Key Activities
<b>Define</b> (Now*)	<b>Identify your main vulnerabilities.</b> <ul style="list-style-type: none"> <li>Convene a meeting of senior decision makers to identify the main areas of potential impact for your business.</li> </ul>
<b>Assess</b> (Tomorrow)	<b>Understand how prepared you are.</b> <ul style="list-style-type: none"> <li>Review any existing plans and check whether they are up to date.</li> <li>Begin drawing up business continuity and crisis management plans aimed at minimizing impacts specific to a pandemic outbreak.</li> </ul>
<b>Implement and Change</b> (This Week)	<b>Make sure your plans will work.</b> <ul style="list-style-type: none"> <li>Work with senior management to establish and embed response and recovery arrangements.</li> <li>Confirm that senior management understands its role and supports how the plan will be used.</li> <li>Ensure you have a means to monitor the situation and know when to trigger any special recovery arrangements.</li> </ul>
<b>Communicate and Stay Vigilant</b> (Throughout the event)	<b>Make sure your teams are kept informed.</b> <ul style="list-style-type: none"> <li>Assign clear responsibilities for internal and external communications.</li> </ul>

\*Indicative timeframes – adaptable as per the situation.

The ability to plan successfully for a novel coronavirus outbreak or similar crisis and mitigate the impacts on your business is the result of a full understanding of risks, comprehensive planning, regular training and exercises, and a strategy for maintaining these capabilities over time.

The table below provides guidance on developing some of the actions you should take when preventing, responding, or recovering from such an outbreak.

	Premises/Equipment	Key Activities	Suppliers	IT
PREVENT	<ul style="list-style-type: none"> <li>• Ensure regular and appropriate cleaning regimes.</li> <li>• Display appropriate hygiene advice.</li> <li>• Identify locations and/or equipment that is particularly vulnerable to disruption and create contingency plans for these.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up awareness programs on the topic of infectious disease and hygiene.</li> <li>• Ensure incident management plans include infectious diseases as possible scenarios.</li> <li>• Ensure cross-training among staff that hold critical roles (to provide redundancy).</li> <li>• Consider briefing trade unions if appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>• Talk to critical suppliers to understand their plans.</li> <li>• Identify alternative suppliers as backup.</li> <li>• Review any contract liabilities in the case of delays, cancellations, or quality issues.</li> </ul>	<ul style="list-style-type: none"> <li>• Assess and test the continuity arrangements of critical systems or network infrastructure, particularly where remote working may be expanded.</li> </ul>
RESPOND	<ul style="list-style-type: none"> <li>• Continue hygiene and sanitation activities.</li> <li>• Identify space to segregate/isolate teams or individuals if necessary.</li> <li>• Explore means of limiting contact with external stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Record and track staff absences.</li> <li>• Unwell staff should be sent home/seek medical treatment or told to stay away from work.</li> <li>• Consider home working where possible.</li> <li>• Rearrange any staff travel to avoid spread/exposure.</li> <li>• Provide regular communications.</li> </ul>	<ul style="list-style-type: none"> <li>• Stockpile critical supplies if possible.</li> <li>• Continue to communicate with existing suppliers, encouraging openness about their level of disruption.</li> <li>• Adapt orders and shipment arrangements to fit current demand (particularly important where increased demand may be expected).</li> </ul>	<ul style="list-style-type: none"> <li>• Utilize telephone and video conference calls instead of face-to-face meetings where possible.</li> <li>• Continue to monitor IT system and network availability, remotely if possible.</li> <li>• Communicate any important information internally and externally throughout the incident.</li> </ul>
RECOVER	<ul style="list-style-type: none"> <li>• Return premises to normal.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a plan to manage any backlogs, hiring temporary staff if necessary.</li> <li>• Communicate with external stakeholders.</li> <li>• Consider medical screenings for any staff that have been ill or in contact with individuals who have been ill.</li> <li>• Offer welfare provisions for affected individuals.</li> <li>• Update and extend business continuity and response plans to include pandemic protocols.</li> <li>• Develop and distribute return-to-work guidance.</li> <li>• Carry out regular catchups with staff to track progress overcoming backlogs.</li> </ul>	<ul style="list-style-type: none"> <li>• Procure new suppliers if necessary.</li> <li>• Review lessons learned with critical suppliers.</li> <li>• Place additional orders to make up low supplies if necessary.</li> <li>• Explore/invoke any relevant contract clauses that may help limit costs or increase the speed of recovery.</li> <li>• Decide whether any failures of contract KPIs constitute a breach worthy of compensation.</li> </ul>	<ul style="list-style-type: none"> <li>• Review how IT systems performed and update resilience arrangements as needed.</li> <li>• Document any alternative working arrangements that were used as part of the organization's Business Continuity Planning arrangements.</li> </ul>

This guide does not speculate on the cause and nature of the novel coronavirus, or how things might develop globally. It focuses on some practical steps organizations can take to reduce the risks to staff, customers, and business disruption. In addition to this guide, organizations should seek updates and follow the advice of global and local health bodies and national and local government authorities.

For more information about pandemic and other resiliency solutions from Marsh Risk Consulting, visit [marshriskconsulting.com](http://marshriskconsulting.com), or contact your local MRC or Marsh representative or a colleague below.

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