

Loss prevention standards

UK Lockdown, Pandemic Recovery and the Post-Pandemic Business World

Practical business continuity guidance for
businesses during and after the COVID-19
pandemic



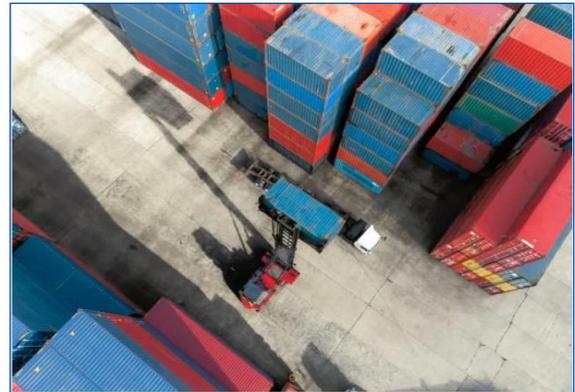
UK Lockdown, Pandemic Recovery and the Post-Pandemic Business World



Introduction

Business Continuity Management and Planning has the purpose of returning an organisation to 'Business as Normal' following an incident which causes disruption to its ability to provide its usual products and services to customers.

The COVID-19 pandemic has seen a host of challenges around the globe, meaning business as normal could be very different after the widespread impact in 2020, and the new UK national lockdown announced in early January 2021, that is likely to continue for the foreseeable future. Returning to normal activity and business levels after the lockdown is likely to be restricted, with a Tier system of restrictions reintroduced. UK businesses will need to consider what activities they can undertake during the lockdown period, if the Tier system would release them to provide more at that stage for their customers, and what their business may look like in the future, following what could be heavily restricted operations, or even temporary shut-down.



Businesses could not have expected the scale of the pandemic's impact, so may well have to plan for recovery to a new normal.

Business Continuity experts have seen certain 'legacies' left by pandemics and other large world events. These legacies could be short-term, some could be localised, but many could be long-term and fundamental to the way a business operates.

As we look to the future and coming out of the lockdown, there are three areas that these legacies present which organisations need to consider:

- Digitalisation
- Supply chains
- Health awareness

There will be considerations for businesses in each of the three areas listed above, and another that crosses all areas of business:

- Cyber crime

Lockdown and the closure of businesses across all sectors (retail, leisure, manufacturing, sport, etc.) was essential to slow the spread of the pandemic in 2020. But without vaccines (until recently), the relaxing of restrictions and the recent emergence of a more infectious mutation, we have seen a dramatic spike in the spread of the virus. As a result, the Government has been forced into taking further, stricter, measures, with the introduction of another national lockdown. There has already been a significant impact on individual organisations and the economy as a whole, including:

- Cashflow - orders cancelled, payments delayed or reduced, etc.
- Reduction in staff levels, furlough, etc.
- Continued increase in the number of employees working from home
- Supply chains hugely disrupted
- Changing customer requirements
- Border closures and restrictions

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What will the World Look Like Post-Pandemic?

On 14 April 2020, the International Monetary Fund Research Department, published a report entitled '[World Economic Outlook. The Great Lockdown](#)'. This clearly paints a picture of a dramatic economic impact, followed by growth in 2021, but relying on containment measures to tackle the pandemic being effective.

Unfortunately, for a number of reasons, the measures implemented in most countries were not able to compete with the speed at which the virus spread, or the emergence of a new strain of the disease that is far more infectious than the original COVID-19 virus. One key factor was the time needed to develop and produce vaccines, even at an accelerated pace supported by governments. Until these vaccines were tested, approved, manufactured on an immense scale, distributed and administered, slowing the spread of the virus was going to be incredibly difficult.

Customers and Suppliers

One key point when considering 'What the world will look like post-pandemic' is that recovery will not be the same across the globe. This is particularly important when considering the resumption of operations, and international business. The UK is very much at the forefront when it comes to administration of the vaccination programme. Some countries across Europe and the rest of the world do not have the finance or facilities to implement this key recovery process as quickly and will clearly take longer to get to a position where the recovery in their country moves them back to 'business as usual'. This may possibly see UK businesses that import or export, in a position where they are ready to resume, but their customers and suppliers abroad, are either not able to, or are restricted by local or national measures, lockdowns, etc.

When considering a strategy to resume operations, UK business must consider this factor, as it can make up a sizeable percentage of their turnover. Promotion of their products and services nearer home and investigating new supply chain alternatives may help cashflow whilst some areas of the world see a slower recovery.

Post-Pandemic Legacies

Digitalisation

Accelerated digitalisation, or doing what a business does, but in a new, different way, facilitated by technology.

There are a number of ways in which different businesses have had to make changes as a result of the COVID-19 pandemic, and they will have seen that virtual meetings have helped keep staff in contact, gradually becoming an effective part of business and customer service. Staying at the forefront of technology with this aspect post-pandemic, will be essential, as Doctors/GPs for safe patient interaction, schools for remote teaching, and many others will have benefitted from having to operate this way during the period of lockdown restrictions, and will need to explore the advantages and future applications as part of new ways of working.



Companies doing things in a different way to provide customer service in difficult times, has seen a wide range of services become available. Restaurants taking orders for meals over the internet and having a collection or a delivery service, has provided not only good service to customers, but a profit making income for restaurateurs during difficult times. In short, taking advantage of relatively **simple technology to do something they didn't do** before, but which has had a great impact.

Supermarkets ramping-up their ability to deliver goods following significant growth in online orders, and an increase in click-and-collect arrangements could see reconfiguration of stores and car parking areas.

Many businesses have seen their online sales increase during the measures to control the virus spread. Using online technology to take orders and arrange delivery, where it may have been a minor aspect of the business previously, will have assisted in providing income, and building on this will be essential going forward.

An example of an industry that has seen two areas where customer's needs are different to before the pandemic is the brewing industry. With pubs and restaurants closed due to COVID-19, creating the capability to provide a take-away service and to deliver to customers has seen great success. The ability to do this has prevented small breweries from going out of business. The other area of diversification has seen breweries and distillers changing production at short notice to produce hand sanitisers. Their normal process of creating products requires a lot of alcohol, which effective hand sanitiser also requires. This example shows how organisations, particularly manufacturers, will need to look at diversification, creating a different product with existing systems, or making the most of a by-product.

An organisation in the Midlands recently commented that enforced increases in online business during lockdown had meant that post-pandemic they could close some retail locations, but jobs would be safe as staff would be required at a larger warehouse location to deal with increased internet sales. Similar examples are likely to be seen across the UK.

Automation is another area that will almost certainly see increases post-pandemic. For example, warehouses with auto-picking for deliveries will have been affected less than those with personnel picking orders. Apart from the speed and reliability of an automated system, there is the simple fact that machines are not affected by the pandemic as employees would be. Organisations affected by disruption may well consider the expenditure into **automation, especially if they've experienced the loss of revenue and customers.**

Supply Chains

Supply chains are spread around the globe, providing businesses with the advantage of lower expenses in respect of manufacture, etc. However, in the event of a major event such as the COVID-19 outbreak, contact with suppliers, let alone the actual supplier of the goods, can be very difficult. Lockdown restrictions or site closures can mean that a business loses the ability to provide its normal service to its customers.

Many businesses suffering losses in these circumstances are looking to simplify supply chains, by having their key suppliers of products or services closer to home.

It has also been seen that a supplier further down the chain (effectively a supplier to our supplier) has been hit by the impact of the pandemic, drastically affecting supply to the end customer.



A supply chain risk assessment is strongly advised to raise awareness of weaknesses in the entire supply chain, not just looking at the immediate supplier. This will show dependencies, from which a business can make a decision as follows:

- Accept: The impact of loss of supplier might be minimal, or they could be easy to replace at short notice
- Duplicate: Where loss of a supply could cause a serious issue, arranging supply of the same product from another supplier(s) (at a different location), to run alongside the existing arrangement reduces the impact of the loss of one
- Improve: The situation can often be improved by moving supply to another supplier that has better communications, a stronger continuity plan, or is simply closer to home. The possible additional cost would be outweighed by the additional resilience

Another aspect to consider is the establishing of an agreed Viable Alternative Product where a product is key to the **organisation's** arrangement with a customer. A high-profile product in a supermarket for example, shelf-space and as a result goodwill, can be lost if supply is unavailable. Establishing beforehand a standard of product that can be a short-term alternative in these circumstances, can provide an element of security whilst supply is re-established.

One thing that the COVID-19 outbreak has shown is that a lot of businesses in the UK are looking to bring at least the key elements of their supply chain back to the UK, or at least to suppliers much closer to the UK.

Stockpiling (at least key products) in warehousing is also an effective buffer against breaks in supply, and the recent issues could well see a lot more businesses increase stockholding at new warehouse locations. However, such changes can create an increased risk in respect of fire and the adequacy of protection systems, all of which require to be considered as businesses change their operating models.

Health Awareness

The SARS (Severe Acute Respiratory Syndrome) outbreak was in November 2002, but in places affected, you may still see people wearing masks, and using gloves or tissues to open doors, etc. as a precaution. There is likely to be similar practices around the world after COVID-19, as people are more aware of the risks and the ways in which a virus can rapidly spread.

Factories and offices could have to reconfigure production lines and work environments to follow government guidelines on social distancing and hygiene arrangements as staff demand safe working practices. Can an **organisation's** existing cleaners provide a new deep clean service?

Alongside this there is likely to be higher public health investment, in testing/research facilities and personal protective equipment (PPE) manufacture, providing opportunities for numerous organisations. The support the National Health Service (NHS) has had from the UK public demonstrates how they feel with regards to ensuring that measures are put in place, so that NHS staff are not unduly exposed to risk.

In general, awareness of hygiene and health issues has been seen to increase in the aftermath of a pandemic. With the worldwide coverage and impact COVID-19 has had, it is reasonable to expect that a raised health awareness will result, with considerations needed by businesses regarding staff well-being, which may also result in opportunities for other businesses to help in providing this.



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Retail outlets will also be affected, with shops re-opening in a world where customers will for the foreseeable future, be queueing in accordance with government guidance around social distancing and restricted numbers of customers in stores at any one time. Hygiene and cleanliness will be expected to be a high priority, with stations for hand sanitisers and for the cleaning of trolleys and basket handles. Any temporary measures put in place during the initial period of lockdown may require further consideration if they are to become permanent.

Cyber Crime

It has been shown that cyber criminals do all they can to take advantage of disaster events, preying on weaknesses at a time of difficulty. The COVID-19 pandemic has given them topical, high profile subjects for phishing attacks, such as free vaccines, virus trackers, discounts at stores where people would buy their essentials during lockdown, council tax reductions, and many others.

They have also taken advantage of weaknesses in systems, and stretched IT capabilities, introduced by far larger numbers of staff working from home. Aviva Risk Management Solutions have produced a suite of [Loss Prevention Standards](#) on cyber related issues, to help clients protect their businesses against attack, and to respond and recover should they fall victim to one.



Post-pandemic it may be that companies have more staff permanently working from home. If so, companies will need to consider the data and sensitive information issues, and provide staff awareness training, and up to date equipment and software, with enforced updates and password control, to help put in place barriers to cyber intrusions.

The pandemic situation will no doubt have put stresses on **organisation's** IT support teams and this area needs consideration too. What staffing and resources are required for increased numbers of remote workers? The changes to arrangements introduced as a result of the pandemic, will have given organisations numerous challenges, and putting in place measures from the learnings of the 2020 lockdowns will help smooth the process of getting set up for new ways of working. Addressing any gaps found in the lockdown periods will help protect against cyber intrusions, e.g. forcing patches and updates, blocking the use of **employee's** own equipment and denying access for memory sticks and other removable media. All subjects that may have been an issue during the lockdowns should now be part of a strict policy.

Some of the cyber crime seen since the coronavirus outbreak is very persuasive, and realistic in appearance, so ensuring staff are diligent, and trained in what to look for to spot phishing attempts, is vital. A number of high profile organisations used by the public on a daily basis such as Morrisons, Tesco, Sainsburys, Amazon, Sky, PayPal, and HMRC, as well as Councils and Charities, have had their logos, etc. used to make these attempts appear convincing, so it can be difficult to separate the fraud from the genuine. Aviva Risk Management Solutions Loss Prevention Standard [Cyber Security - Social Engineering](#) gives details on what to look for.

Cyber crime is not just aimed at big-business, it is aimed at who/what criminals see as the best chance of success, those less prepared or protected, or businesses whose IT systems are stretched. The Police have stated that cyber crime has dramatically increased since the outbreak of the pandemic, demonstrating the scale of the problem, and most phishing attempts are successful due to a person clicking on a link or visiting a malicious website, even inadvertently. So, training and awareness are an essential measure in protection.

Business Continuity

The COVID-19 pandemic has impacted the way many businesses operate, or whether they can operate at all. This could be for a number of reasons such as staff illness due to the pandemic, government restrictions on travel, and the lockdown required, or impacts in another part of the world to a branch, or to part of a supply chain. This gives rise to requirements in Business Continuity Management and Planning.

The 2020 lockdowns and following Tier system challenges will have shown organisations how essential strong business continuity arrangements are, and where the areas for attention will be. A full review is highly **recommended, but it is likely all Business Impact Analysis'** previously completed will need to be reviewed, and following that, the list of highest priorities re-visited to assess the continuity and recovery processes.

It is likely that the following areas will need consideration, but all businesses are different, so there may well be others specific to particular industries/sectors:

People

Will a 'New Normal' require the same number of people? Will they be in the same roles? Training in changing roles or processes will be required. Considerations for staff well-being will be needed as well as robust risk assessments on the changed environment. Looking at business continuity planning, are those with roles and responsibilities in Incident Management or Business Recovery the same people? As roles within the business see changes, it's likely those within business continuity will also.

Premises

Post-pandemic, consideration needs to be given to the premises the organisation operates from. Have changes during lockdown, etc. given rise to changes in what the business does, or its requirements for the building? For example, larger warehousing for stockpile of key products or increased storage in existing premises.

Process and Activities

Have any processes and activities changed? Social distancing requirements, etc. may have altered the building layout, or the size of area needed for a process. The pandemic lockdown procedures may have pushed some processes to phase-in automation, as mentioned earlier. Do changing processes require changing resources? If the operations in one department have been adapted, does this affect the operations in another department? Is there an effective management of change process in place that considers the changing risks to the business?

Machinery and Equipment

If automation has come online during the current pandemic, how does this affect continuity? The recovery options could be significantly different to before. Sub-contracting could be harder to come by. How does any change in machinery and equipment affect availability and spares when it comes to tooling or the level of maintenance required?

If key machinery was manufactured abroad it may now take longer to obtain due to lockdowns, and restrictions put in place locally.

Supply Chain

Part of Business Continuity Planning is to consider resilience at each link in a **business'** supply chain. The current pandemic situation has shown that understanding where the pinch points and weaknesses in a chain are, and acting upon those, can safeguard an **organisation's** future and protect its market position. A full supply chain risk assessment is strongly recommended, and if one is in place, a revisit should be completed to assess any changes, such as where smaller suppliers may have gone out of business or have difficulty in providing a consistent supply of goods or products. Even when the UK approaches recovery, the areas where suppliers are located around the globe may still be some distance behind, and this needs consideration.

IT and Data

What stresses did high numbers of remote workers put on a company's IT systems and access in the previous lockdowns? Are there improvements needed to hardware, software or data protection, and do staff require training, perhaps in cyber awareness? What are the business continuity recovery options, and have they changed? If an IT Consultancy is contracted by the organisation, can they fulfil any required new needs? As mentioned earlier cyber protections and training for staff should be put in place.

This is not an exhaustive list but should help in raising some areas for consideration in business continuity and planning when discussing the requirements of new ways of working.

Lockdown Rules

The latest (as of 04 January 2021) UK Government National lockdown: Stay at home guidance is available [here](#).

Financial Support

There is a support package for qualifying businesses, and the self-employed during the coronavirus, [click here](#) for further details.

Vaccination

So much of the recovery process concerns the vaccination programme currently being rolled out across the UK. [Click here](#) for government information on the programme.

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[Aviva Risk Management Solutions – Specialist Partners](#)

Sources and Useful Links

- [The Business Continuity Institute \(BCI\)](#)
- [The International Monetary Fund](#)
- [ActionFraud](#)

Additional Information

Relevant Loss Prevention Standards include:

- [Pandemic Planning and the Coronavirus](#)
- [Business Continuity](#)
- [Business Continuity Plan – Testing and Maintenance](#)
- [Business Impact Analysis](#)
- [Managing Change - Property](#)
- [Managing Change - Liability](#)
- [Managing Risks Caused by Stockpiling During Crisis Situations](#)
- [Risk Assessments During Rapid Change Events](#)
- [Managing Driving at Work During COVID-19](#)

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