



Federation of Small Businesses Thames Valley Region

Major Incidents and Small Business

This paper has been prepared by the FSB Thames Valley Regional Policy Group¹.

Overview

Small businesses having less than 50 employees numerically represent the vast majority of businesses in the UK (over 99%), and also employ the majority of the workforce, contributing similar amounts of GDP to the economy as big business. Without their contribution the UK economy will struggle.

Small businesses, by their nature, are more vulnerable to the impact of major incidents and disasters and the impact all too often is terminal. This has a knock on effect on the whole supply chain in which they were involved and the community in which they were based.

Furthermore, small businesses play important community roles, having many more direct links into local schools, and community affairs. The mass failure of small businesses as a result of a major incident is catastrophic for both the local economy and the community. It is critical, therefore, that the needs of small businesses are properly understood and that in the event of a disaster and its aftermath, they can access responsive, rapid and effective assistance.

In a national or even local crisis, smaller businesses find it much more difficult to survive than larger organisations. Larger organisations frequently pay for continuity services located remotely; few small businesses can afford this kind of protection or insurance and anyway are commonly highly dependent upon local supply chains which will also be hit by the same emergency. This means that they will be far more reliant on the effectiveness of locally based continuity plans, and their implementation, to preserve their economic activity and so enable them to play a full part in the recovery after the crisis.

This reliance must be properly reflected in the plans that are formulated. It is essential that the designers and writers of continuity plans, at all levels, bear this in mind when deciding upon priorities for restoration of services.

For the sake of the economy and local communities, a high priority must be given to the needs of small businesses in the process of business continuity planning by government authorities. Every government department and organisation must ensure that they consider the needs of small businesses if we are to maximise the survival rate of these businesses in the event of a major incident.

¹ The Thames Valley Regional Policy Group is a group of business people representing FSB Branches in Berkshire, Buckinghamshire, and Oxfordshire

What constitutes a major incident for Small Businesses?

There are many types of major incident and disaster, which are outside the control of small businesses, including:

- Natural disasters (floods, storms etc)
- Pandemics and epidemics (avian flu, and other virulent diseases etc)
- Major accidents, fires
- Denial of access by a police or emergency service cordon
- Civil unrest (national strikes, riots etc)
- Acts of terrorism, mindless vandalism etc
- Collapse of infrastructure systems (e.g. a major problem disabling telecom or internet provision)

Accepting that each individual business has a responsibility to plan and prepare for such eventualities and more minor failures, it is in response to incidents like these where the responsibility for continuity has to be shared with the public sector.

Small businesses suffer from the same major incidents and disasters that affect big business, local authorities and government agencies.

Small Businesses to be consulted

Through the Civil Contingency Act 2004, local authorities are bound by law to produce policies and procedures to allow them to operate following a major incident. We believe that it is paramount that representatives of small businesses are fully involved in the creation of local business continuity plans and the implementation and testing of them. Local authorities and agencies are big organisations and, quite legitimately, they tend to see things from a big business point of view. Small businesses know what would work best for them – and it is important to find mechanisms to ensure that their voices are heard. Ensuring that the needs of small businesses are considered has always been a prime objective of the Federation of Small Businesses. It is the most natural U.K. organisation for local authorities to turn to for assistance in linking to small businesses along with other similar organisations.

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Support from big business and government agencies

It is essential to ensure that the larger organisations, such as banks, insurance companies, and services (power, water and telecom providers, etc) and the operation of the Government itself, in the form of the Inland Revenue & Customs etc, are fully aware of, and sensitive to, the needs and importance of small businesses. When local and national government restore their normal services, such as planning and building regulations inspections they should be allowed, and encouraged, to take into consideration the problems that small businesses will face in the aftermath of a disaster.

Big business and government agencies should also be encouraged if not obliged to make allowances for disruptions to the activities of smaller businesses. A Code of Practice is the minimum we expect. This Code of Practice should oblige larger businesses to act in a protective brotherly manner by not taking advantage of the vulnerability of small businesses during and after a crisis and where possible assist affected small businesses.

Small business problems resulting from the actions of big business will include:

- Delays in agreeing work under insurance
- Delays in settlement of insurance claims
- Insistence of banks to continue loan repayments, charges and interest accumulation
- Delays in restoration of services (power, telecom etc) to businesses
- Termination of long term supply contracts due to business interruption
- Increased delays in payment times to smaller businesses.

Small business problems resulting from the actions of government agencies will include:

- Closure of roads that stop customers and workers getting to businesses
- Reduction or failure of policing resulting in the businesses becoming victims of crime.
- Lack of care from the Environment Agency
- Long-term or even permanent closure of Post Offices and local banking services.
- Removal of major transport connections
- Over-zealous interpretations of regulations (e.g. building regulations) requiring unnecessary and expensive work to be carried out.
- Delays in processing planning applications

All the above can be just as destructive as the original major incident or disaster to a small business.

A Code of Practice needs to be developed to protect small businesses from the actions of private and public larger organisations during, immediately after a disaster and for an extended post incident period to ensure full recovery.