



## **Business continuity– Let's Keep Britain Moving**

*FSB Policy Paper – January 2010*

Staff absenteeism can be a major cost to business. It is estimated that the cost of a 10 per cent absence rate to businesses could be as much as £600million<sup>1</sup> a day. Whilst it is impossible to put an exact figure on the cost to the economy based on the varying picture around the country it is clear that recent extreme weather has been detrimental to business. Small businesses, with an average of approximately four employees, have been hit the worst with a potential temporary loss of over half their workforce.

The most serious cause of absenteeism is due to transport disruption with many blaming the failure of local councils and the Highways Agency to adequately salt enough roads. Small firms dominate the rural economy and are therefore harder hit by unsafe secondary roads. Businesses also suffer when schools shut due to road conditions and other concerns such as safety as parents need to take time off work to care for children. Poor road conditions also mean that the ability of customers to access shops and the movement of goods have also been affected.

In addition the recent revelation that the UK could have as little as eight days of onshore gas storage left along with the National Grid publishing three gas balancing alerts over the last two weeks has increased fears in the business community that they might be cut off<sup>2</sup>.

### **Let's Keep Britain Moving – Civil Contingencies Conference**

National and local Government have not fully learnt the lessons from last year's extreme weather, which seem likely to be repeated as the climate changes and becomes more unpredictable. The Federation of Small Businesses (FSB) is pleased that the Rt Hon Sadiq Khan MP, Transport Minister has announced that there is likely to be a review of these recent events. However, the FSB is keen to see the involvement of a wider range of stakeholders.

As a result the FSB calls upon the Government to undertake a wholesale review of its contingency planning and host a national conference to ensure input from all necessary stakeholders;

- Those attending to include Councils, Regional Development Agencies, emergency services, traffic organisations including the AA and RAC, Business representatives, transport companies, salt mining companies, utility

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<sup>1</sup> Figures abstracted from FSB estimation from its members on the average percentage of absenteeism during these conditions and the cost to the economy of a missed day at work

<sup>2</sup> BBC News online <http://news.bbc.co.uk/1/hi/business/8441782.stm> 11 January 2010



## Federation of Small Businesses

The UK's Leading Business Organisation

companies, trade organisations for freight companies, school and teacher representatives and the relevant Government departments and agencies;

- The conference to discuss all of the issues that have arisen out of recent events such as road safety, delivery of food, gas and salt around the country, school closures, energy supplies and disruption to business and the subsequent impact that this has had on the economy;
- The Government to outline changes as a result of this conference that will help stop Britain grinding to halt every time we experience these conditions. It is vital that we work together to adopt common sense approaches.

### Lessons to be learnt from the events of February 2009

*“Climate change is likely to mean more severe and more frequent severe weather events<sup>3</sup>.”*

The above conclusion was made in the report ‘Lessons from the severe weather 2009’ published on the 4<sup>th</sup> August 2009 by the UK Roads Liaison Group (UKRLG). This report made 19 recommendations based upon lessons to be learnt by the failure of the UK to deal adequately with the severe weather conditions of winter 2008/09. The Government fully accepted all of the 19 recommendations at the late date of the 15 December 2009<sup>4</sup>. Four recommendations were directly related to the Department for Transport or the Highways Agency. The remaining 15 recommendations were commended to local authorities and salt suppliers by the government.

The AA had attempted to highlight the continued unpreparedness of highway authorities to deal with a similar weather event in November 2009<sup>5</sup>, warnings it appears that were not heeded.

Local authorities are running out of salt and have been asked by central Government to cut down on their salt usage by 50 per cent where possible.

### Civil Contingency Secretariat

The FSB has done much to support its member’s contingency planning and has worked with the Cabinet Office’s Civil Contingency Secretariat to provide tailored advice (document attached). The FSB has promoted this guidance to its members but believes that the Secretariat needs to do more to promote such guidance to small firms.

The FSB also believes that more needs to be done to ensure the quality of the guidance that comes from local authorities on business continuity. It is not enough

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<sup>3</sup> ‘Lessons from the severe weather 2009’ published on the 4<sup>th</sup> August 2009 by the UK Roads Liaison Group (UKRLG)

<sup>4</sup> Department for Transport website viewed 10 January 2010  
<http://www.dft.gov.uk/press/speechesstatements/statements/uk-roads>

<sup>5</sup> Guardian.co.uk <http://www.guardian.co.uk/uk/2010/jan/10/sub-zero-grit-supplies-snow> “Sun-zero spell to continue as grit supplies reach the end of the road” 10 January 2010



for Councils to simply post advice on their websites, it's important to engage small businesses further.

**Recommendation – The Government's Civil Contingency Secretariat needs to further support, promote and advise small firms on their business continuity planning using tailored guidance such as that produced by the FSB.**

**Recommendation – That the Government's Civil Contingency Secretariat ensures good quality advice comes from local authorities and that there are good levels of engagement with small businesses.**

The FSB provides business support grants to its members severely affected by flooding. As an organisation we are not able to provide such a grant system for all extreme weather events and calls on the Government to introduce its own scheme.

**Recommendation – The Government should look to establish an emergency grant scheme for small businesses severely affected by extreme weather events.**

### Business Continuity Risks

- Loss of staff (school closures, injury, transport problems)
- Loss of systems (IT and communications)
- Loss of utilities e.g. water, gas or electricity (energy Shortages)
- Loss of or access to premises
- Loss of key suppliers
- Disruption to transport
- Loss/growth of demand

Over the last few weeks we have seen businesses hit in all of the above ways, the most serious of which have resulted from disruption to the transport network.

This report looks at the problems being faced by small businesses in the UK over the last two weeks and considers what more could be done to ensure that Britain, which is increasingly likely to be affected by disruptive weather conditions, is able to continue business as usual.

### Disruption to transport

Over the weekend of the 9<sup>th</sup>/10<sup>th</sup> January the Government requested that highway agencies cut their salt usage by a quarter and on the 12 January this was increased to up to 50 per cent.

The UKRLG's 2009 report stated that:



*“The issue is not overall availability of salt but the capacity for highway authorities and suppliers to store and ability to provide at the appropriate time.”*

Despite the growing risk of unpredictable weather the AA reports that councils have reduced their stock of grit by 250,000 tonnes during the past ten years<sup>6</sup>. The UKRLG report agrees that there has been a trend towards lower stocks of salt held by highway authorities in recent years.

*“A succession of mild winters inevitably resulted in some assuming that such conditions might continue but last winter proved that this was not to be the case<sup>7</sup>”*

The report recommended that the increased frequency of severe weather events that have come as a result of climate change must be taken into account when making winter service plans. The UKRLG report recommended that Councils retain enough grit for at least six days. Recent events would appear to suggest that this is not enough; Councils should look again at their ability to store salt and order more before the winter period.

The FSB calls on the Government to legislate to ensure that Councils retain more salt stocks to deal with such conditions; they need to again widely consult on what that level should be. The Salt Association recommends two weeks of usage whilst the Salt Union recommends enough for seven days of severe weather. The Government should consult on the appropriate levels taking this year's experiences into account.

Whilst the UKRLG report recommends that Government produce guidance on the delivery of winter services, something which the Government has recently done, the FSB believes that when British business is at risk this guidance needs to become mandatory and make specific stock level recommendations.

**Recommendation – The Government should produce mandatory guidance for Local Authorities on the delivery of winter services that should include salt stock level recommendations with consultation from a wide range of stakeholders. Councils also need to review, and increase where necessary, their ability to store salt.**

The UKRLG report suggests that the DfT should consider whether to reduce overall demand for salt at critical times by asking the Highways Agency to hold a reserve of salt above that which it needs to meet its service standards.

The Government accepted this recommendation and in December 2009 claimed that they had adequately done this by storing 13 days worth. However, the FSB believes that the Government did not increase its stock levels enough based on recent

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<sup>6</sup> BBC news online <http://news.bbc.co.uk/1/hi/uk/8410726.stm> 14 December 2009

<sup>7</sup> 'Lessons from the severe weather 2009' published on the 4<sup>th</sup> August 2009 by the UK Roads Liaison Group (UKRLG)



events; a view which Salins, the biggest salt producer in France, agrees with<sup>8</sup>. GMB the union supported this view and criticised some Council's inability to store salt<sup>9</sup>.

**Recommendation – That the Government further increases its own private salt stock levels in light of this year's events, to ensure that when local authorities experience shortages the Government is better able to supplement them immediately and keep Britain moving.**

The UKRLG report states that:

*“Suppliers (of salt) operate in a commercial environment and any changes by them need to be commercially viable. If levels of supply beyond those commercially justified are required for improved resilience then action by Government would be required. This would require new legislation and it is still felt that the combination of measures recommended in this report make this unnecessary at this stage.”*

The FSB recommends that the option of new legislation in the area of supply from the private suppliers of salt in Britain is reconsidered in light of recent difficulties accessing salt. The Local Government Association's report following last year's weather events raised similar concerns stating that;

*“the current situation in the UK is almost completely reliant on two main suppliers operating deliveries on a just-in-time basis is not resilient in times of high demand”<sup>10</sup>.*

**Recommendation – The Government should review the need for new legislation to ensure a greater supply of grit for storage by the Highways Agency.**

### Energy Shortages

The possible impact of energy shortages has not yet been felt in the same way as the impact on transport but there are fears about the ability of Britain to continue supplying itself. Over the past two weeks we have seen the National Grid issue four Gas balancing alerts. Around 100 businesses have had their gas supplies temporarily cut whilst demand in recent days has been 28 per cent above seasonal norms<sup>11</sup>.

It has been reported that the UK's ability to store gas is only around two week's worth which is one fifth of France's current capability<sup>12</sup>. Whilst a number of figures have been quoted, and there is a debate about Britain's storage on and off-shore, there is a concern about the UK's ability to store gas making us dependent on

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<sup>8</sup> Times Online <http://www.timesonline.co.uk/tol/news/weather/article6981564.ece> 9 January 2010

<sup>9</sup> The Guardian <http://www.guardian.co.uk/uk/2010/jan/10/sub-zero-grit-supplies-snow> 11 January 2010

<sup>10</sup> “Weathering the storm” Local Government Association, October 2009

<sup>11</sup> Times Online <http://www.timesonline.co.uk/tol/news/weather/article6980077.ece> January 8 2010

<sup>12</sup> Times online

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/natural\\_resources/article5542427.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article5542427.ece) 19 January 2009



foreign exports. Such instability could put business continuity at risk which in turn could further harm the British economy.

Ed Miliband, the Environment Secretary of State, stated in the House of Commons on the 7<sup>th</sup> of January 2010 that ““We need more gas storage and there are more projects being planned — we do need more gas storage<sup>13</sup>.” The FSB welcomes this statement.

**Recommendation – The Government should look to ensure that the UK energy sector stores better backup supplies on par with similar countries as soon as possible.**

### Other issues

#### Schools

The FSB is concerned that the decision to close schools can at times be taken too quickly. Whilst we understand that closures are made on the basis of a number of factors such as safety and transport concerns it is important for the local business concerns to also be taken into account.

**Recommendation – That the Department for Children, Schools and Families, National Head teachers Association and the Association of the Directors of Children’s Services should work together to produce better guidance and criteria for the closure of schools to help prevent closures where possible. Wider considerations such as the needs of the local community and businesses should be part of the discussion.**

### Communication

Good communication of school closures, transport problems, road accidents, which roads have been gritted and weather conditions are vital for the ability for businesses to survive these difficult circumstances.

It is important that businesses have as much information as soon as possible to be able to plan for the movement of goods and staff. It is also imperative to ensure that staff do not take advantage of poor weather reports and stay away from work. The FSB recommends that local authorities coordinate this information from the Highways Agency, MET Office, local schools and transport companies in a local map available online with email alerts for updates to ensure that all of this information is easily and quickly available.

**Recommendation – Local Authorities should coordinate all local infrastructure information in an online map that is regularly updated throughout the day and night.**

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<sup>13</sup> Hansard, Column 255 7 January 2010



It is also important that businesses and employees are able to plan better for school closures. The FSB recommends that more schools use text messages to ensure that parents are made aware of school closures in time so that other arrangements can be made.

**Recommendation – That all schools should ensure that they use a greater range of technology to communicate school closures such as text messages.**

Conflicting information can also confuse the situation leading to an inconsistency in decisions across the country. An example of this is when it comes to the decision of a head teacher about closing a school. They are faced with the following conflicting advice from different authorities:

- Traffic organisations and emergency services urging people to travel only if their journeys are "essential".
- The Department for Children, Schools and Families on the other hand recommends that, in its view, "essential travel includes pupils going to school to keep learning, and school staff going to work".

It is important that in these, and similar, situations that the Government ensures a more coordinated and consistent approach to advice from all agencies.

**Recommendation – The Government ensures that all agencies have greater coordination and consistency in their advice during severe weather conditions.**

### Inspections

FSB members tell us that inspections, at times when staff levels are low, are a big burden on their business. The FSB recommends that when it is likely that businesses are suffering from low staff levels, routine inspections by the local authority should cease.

**Recommendation – The FSB recommends that the LBRO (Local better Regulation Office) coordinates the cessation of all local authority routine inspections in times of emergency and extreme weather events.**

### Deadlines

The FSB is concerned that businesses that have been forced to close or operate on skeleton staff as a result of extreme weather may be caught out by failing to pay loans, fill out forms etc. on time. The FSB recommends that banks and Government departments take these exceptional circumstances into account and extend payment times and other deadlines.

**Recommendation – The FSB recommends that all national, regional and local Government agencies, banks and insurance companies, and other authorities**



**take into account extreme weather conditions and extend deadlines and payment times.**

### **Broadband**

Remote working is advised as an important aspect of civil contingency planning, yet for many of our rural members this still remains a problem. A lack of broadband speed reduces productivity for a third of small businesses. Other areas of difficulty due to speed restrictions are the use of email (49 per cent) and information back-up (23 per cent), the processing of payments (27 per cent) and on-line marketing (20 per cent).

Furthermore lack of broadband speed seriously impacts upon small businesses' use of new technologies, such as video conferencing on Skype for example, web-casts and pod-casts (60 per cent). When asked what Government could do now to most effectively help small businesses with on-line access, 60 per cent indicated that they wanted a guaranteed universal minimum download speed of eight Mbps for all users. Furthermore, a universal minimum upload speed must also be guaranteed, which is essential for the use of new technologies.

### **Conclusions**

The Civil Contingencies Act 2004 went some way to ensure better communication of guidance and actions by Government and its agencies to keep the country running as best as is possible during times of national emergencies. However, there are gaps that have resulted in Britain experiencing these problems.

The Government needs to undertake a review of its contingency planning in light of these events and ensure that a wide range of stakeholders are involved in this including business groups.

### **Summary of Recommendations**

**Recommendation – The Government's Civil Contingency Secretariat needs to further support, promote and advise small firms on their business continuity planning using tailored guidance such as that produced by the FSB.**

**Recommendation – That the Government's Civil Contingency Secretariat ensures good quality advice comes from local authorities and that there are good levels of engagement with small businesses.**

**Recommendation – The Government should look to establish an emergency grant scheme for small businesses severely affected by extreme weather events.**

**Recommendation – The Government should produce mandatory guidance for Local Authorities on the delivery of winter services that should include salt stock level recommendations with consultation from a wide range of**



stakeholders. Councils also need to review, and increase where necessary, their ability to store salt.

**Recommendation – That the Government further increases its own private salt stock levels in light of this year's events, to ensure that when local authorities experience shortages the Government is better able to supplement them immediately and keep Britain moving.**

**Recommendation – The Government should review the need for new legislation in ensure a greater supply of grit for storage by the Highways Agency**

**Recommendation – The Government should look to ensure UK energy sector store better backup supplies on par with similar countries soon as possible.**

**Recommendation – That the Department for Children, Schools and Families, National Head teachers Association and the Association of the Directors of Children's Services should work together to produce better guidance and criteria for the closure of schools to help prevent closures where possible. Wider considerations such as the needs of the local community and businesses should be part of the discussion.**

**Recommendation – Local Authorities should coordinate all local infrastructure information in an online map that is regularly updated throughout the day and night.**

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**Recommendation – The FSB recommends that the Local better Regulation Office (LBRO) coordinates the cessation of all local authority routine inspections in times of emergency and extreme weather events.**

**Recommendation – The FSB recommends that all national, regional and local Government agencies, banks and insurance companies, and other authorities take into account extreme weather conditions and extend deadlines and payment times.**

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