

**Prepared for the worst?**  
**Promoting Business Continuity to Small Businesses**  
**January 2008**

The terms of reference for this investigation, approved by the Business Management and Appointments Committee on 19 July 2007, were:

- To examine the ways in which local authorities in London are exercising their duty to provide advice and assistance to businesses and voluntary organisations on business continuity in the event of an emergency;
- To establish the extent to which small businesses in London are aware of the advice available to them on business continuity and the extent to which they are prepared for dealing with an emergency; and
- To identify good practice in engaging small businesses in the issue of business continuity and to make recommendations to local authorities and other stakeholders on how such advice might be disseminated more effectively.

## Executive Summary

Over 98 per cent of businesses in London employ fewer than 20 people while contributing around a quarter of the capital's £600 billion annual turnover. Evidence from around the country suggests that many small businesses do not survive major incidents and emergencies. So, how prepared are small businesses in London to deal with any emergencies they may face? And, by implication, how resilient is this crucial part of London's economy?

Small businesses across the UK are particularly under-prepared for dealing with emergencies such as flooding, terrorism or a possible influenza pandemic: only 34 per cent have plans in place to cope with such incidents compared with 62 per cent of large organisations. Evidence presented in the course of the investigation suggests this situation is replicated in London, leading one business organisation to describe the lack of preparedness of the capital's small firms as "chronic" and "the greatest avoidable threat in the capital today".

Responsibility for promoting to businesses the importance of practical measures to prepare for an emergency now falls on local authorities. Research for this report shows that all 33 London boroughs have made progress in implementing their duty to promote what is known as business continuity. But concerns remain both about the extent to which the information sent to small businesses in London meets their needs and how well the limited resources available are being used to reach small businesses across the capital. The report highlights examples of good practice and suggests ways in which London boroughs might be more effective in the way they disseminate information and provide material to encourage small businesses to address business continuity.

Our findings also suggest it would be unwise to rely solely on local authorities to promote business continuity. The survey showed that, not surprisingly given competing priorities, limited resources are available within London's local authorities to fulfil what the Government has described as a "light touch" duty. Furthermore, given that only one per cent of small businesses look to local authorities as a major source of information on anything, there should be roles for other parts of the public and private sector in promoting business continuity and we make recommendations on what this work should involve.

The recent establishment of a new body by London local authorities – the Business Continuity Promotion Steering Group (BCPSG) presents an excellent opportunity to build on the existing good practice identified in this report and ensure work is co-ordinated across London to maximise its effectiveness. In particular, we propose that:

- The BCPSG should pilot schemes for distributing business continuity information in an engaging and practical format, recognising that a significant proportion of businesses may not use computers or other IT systems;
- The BCPSG should consider how the City of London Corporation's 'buddy scheme' could be extended, wherein large companies support their smaller neighbours in developing improvements to local resilience, for example by sharing a local evacuation site or a telephone cascade system;

- London boroughs should be creative about promoting business continuity, for example, by doing so at the point of delivery of other services they provide, such as health and safety enforcement; by cross-agency working with the emergency services, since this helps to emphasise the severity of business continuity issues; and by promoting it through their own procurement processes.

We also recommend that:

- The London Regional Resilience Forum should start discussions with major banks about disseminating information to their clients; and with insurers about the scope for giving incentives to clients adopting business continuity plans;
- The Cabinet Office should re-examine the Civil Contingencies Act 2004 and make specific proposals for potential changes.

Helping small businesses to prepare for the worst is a crucial part of London's resilience planning. The recommendations in this report aim to support this work and help ensure that the important contribution small businesses make to the capital's economy can continue should the worst happen.

## 1. Introduction

### Why is the resilience of small businesses an issue?

- 1.1 It is fundamentally important that London can respond quickly and effectively to emergency situations and that the capital is resilient to the disruptive challenges it may face. These threats include flooding, a potential influenza pandemic and, of course, terrorism<sup>1</sup>. This report concentrates on the way London's economy and, in particular, small businesses, can be helped to prepare for emergency situations.
- 1.2 Small businesses are a vital part of London's economy. The vast majority of businesses in London are small, with over 98 per cent of all businesses in the capital employing less than 20 people. Around one quarter of London's £600 billion annual turnover in the private sector is generated by small businesses<sup>2</sup>. Furthermore, small businesses play an important role in the capital's communities. They contribute to a community's unique character by helping to establish a sense of local distinctiveness, and can affect the attractiveness of a locality to live in, work in, and visit.
- 1.3 Business continuity management can help businesses identify risks and plan for events such as power loss, pandemic influenza, flood and other emergencies. In practice, business continuity plans may include arrangements for data back-up, including contact lists for customers, suppliers, staff, debtors and creditors and perhaps provision for access to alternative work sites in the event of premises not being accessible.
- 1.4 There is evidence to suggest that small businesses are under-prepared for emergencies. A recent national survey undertaken by the Chartered Management Institute found that only 34 per cent of small organisations had business continuity plans in place, compared with 62 per cent of large organisations<sup>3</sup>. The London Chamber of Commerce believes the "chronic lack of preparedness on the part of small firms is the greatest avoidable threat in the capital today" and evidence from small business representatives received as part of this investigation suggests that awareness of resilience issues remains low amongst the small business community<sup>4</sup>.
- 1.5 But is there really anything small businesses can do to protect themselves against the effects of a major emergency? Evidence suggests that good planning can make a difference to an organisation's ability to survive an emergency situation. Experience from the Bishopsgate and Manchester Bombs and the fuel crisis of 2001 has shown that organisations with business continuity arrangements in place are more likely to stay in business and recover quickly in

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<sup>1</sup> Since 7 July 2005, the security services have categorised the level of terrorist threat as either severe or critical. See: <http://www.mi5.gov.uk/output/Page311.html#history>.

<sup>2</sup> 2005 data from the Small Business Services Analytical Unit, [www://stats.berr.gov.uk/ed/sme/](http://stats.berr.gov.uk/ed/sme/).

<sup>3</sup> Chartered Management Institute, *Business Continuity Management*, March 2007.

<sup>4</sup> London Chamber of Commerce and Industry, *Crisis Management and business continuity planning*, September 2005 and evidence received from Federation of Small Businesses, October 2007.

the event of an emergency than those that do not<sup>5</sup>. The 2007 Business Continuity Management survey confirmed that 94 per cent of organisations which had invoked their plans in response to an incident agreed that planning had effectively reduced the disruption experienced<sup>6</sup>.

- 1.6 Local authorities now have a role in promoting the importance of business continuity. Section 4 of the Civil Contingencies Act 2004 imposes a duty on local authorities to promote business continuity management and to provide generic advice to local businesses on business continuity planning. This duty came into effect in May 2006, six months after the main provisions of the Act.
- 1.7 This report examines the way this duty is being fulfilled across London based on a survey of emergency planning officers in each London borough and evidence from public sector bodies, small businesses and representative organisations. It aims to highlight good practice and draw lessons to be learned from experience across London. The report also assesses the extent to which the new duty on local authorities to promote business continuity is likely to be effective in reaching the small business community. The recommendations are intended to contribute to the on-going work across London to help ensure the resilience of London's businesses.
- 1.8 The London Assembly is uniquely well placed to carry out this review as the issues covered in it are particularly relevant to the work of the Mayor, the Greater London Authority and the functional bodies: London Development Agency, Metropolitan Police Authority, London Fire and Emergency Planning Authority and Transport for London. The Mayor is Deputy Chairman of the London Regional Resilience Forum (see Appendix 2 for further information on the LRRF and its role in the London resilience landscape). The London Development Agency is responsible for delivering the Mayor's economic strategy including supporting small and medium sized enterprises. Its corporate plan refers to "providing assurances that security for businesses and communities across the capital has the highest priority".
- 1.9 This investigation is timely, as a new body, the Business Continuity Promotion Steering Group (BCPSG), has just been established with the aim of developing the capacity of London local authorities to undertake their statutory role of promoting business continuity to all businesses. Further information on the BCPSG, including its terms of reference, is attached at Appendix 3. It is envisaged that this report will help to identify key issues for consideration by the new group, and that it may also contribute to the BCPSG's developing work plan.
- 1.10 This investigation also follows up one of the recommendations of the 7 July Review Committee that "the London Resilience Forum work with local authorities and business organisations to produce a standard communications package to facilitate effective communications between local authorities and businesses".

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<sup>5</sup> Statutory Guidance on the CCA, Chapter 8.

<sup>6</sup> Chartered Management Institute, *Business Continuity Management*, March 2007.

### **Case Study: Buncefield Oil Storage Depot, Hemel Hempstead**

On Sunday 11 December 2005, an explosion measuring 2.4 on the Richter scale occurred at the Buncefield Oil Storage Depot in Hemel Hempstead, Hertfordshire. One of the largest fires ever seen in peacetime Europe then engulfed 20 fuel storage tanks. 43 people were injured in the incident and commercial and residential properties in the vicinity suffered major damage. A large area of the site was immediately evacuated. Over 2,000 people were evacuated in total and sections of the M1 motorway were closed.

The fire burned continuously for several days, destroying most of the site and emitting large clouds of black smoke into the atmosphere, visible all over southern England and beyond. Hertfordshire Police set up an exclusion zone around the site which remained in position for days.

Maylands, the largest business park in the East of England, was seriously affected by the disaster. The 400 businesses situated on the Maylands park were all prevented from accessing their premises for up to a week in the aftermath of the fires on 11 December 2005. 92 businesses, employing a total of 9,500 people were directly or severely affected. A large percentage of these had under 20 employees.

Chris Taylor, Economic Development and Business Communication Manager, Dacorum Borough Council described the diverse range of small businesses affected, which included cleaners and recruitment agencies, caterers, sandwich shops, printers and couriers, the majority exclusively serving larger businesses on site.

At least three businesses are known to have liquidated completely.

Key factors affecting the ability of small businesses to recover were identified as:

- inadequate business interruption insurance;
- the nature of the client base (i.e., small businesses exclusively serving other businesses in Maylands were particularly badly affected);
- the length of time taken to pay insurance claims, due to the fact that the official inquiry has not yet established the main cause of the incident;
- the terms of premises leases – some small businesses could not break their contracts for the damaged properties;
- inflated cost of insurance premiums for any premises proximate to Buncefield;
- small businesses' lack of ability to cover costs until insurance payments were released;
- data loss – inadequate back-up or systems in place to enable businesses to trade or contact their staff, suppliers or clients without access to their premises.

Chris Taylor added "the Council is still working to encourage all business in the area, including those in Maylands, to ensure they have well thought out and practised business continuity plans, and we are now working with Hertfordshire Resilience, who have developed a toolkit for business, which will help them to do this. Buncefield has served as a good local reminder to businesses that things can and do happen!"

## 2. Background

- 2.1 The Civil Contingencies Act 2004 updated and extended powers and duties for dealing with emergencies provided by the Emergency Powers Act 1920. Though heavily influenced by the terrorist threat and the events of 11 September 2001 in New York, the 2004 Act was intended to enable public authorities to deal with other contemporary threats such as animal disease and flooding. The Government also intended that the Act would ensure that resilience duties would be carried out in a similar manner and to a similar level in all parts of the country.
- 2.2 Under Section 4 of the Civil Contingencies Act, which came into force in May 2006, six months after the main provisions, local authorities have a duty to provide generic advice and assistance to businesses and voluntary organisations about business continuity management to mitigate the effects of an emergency. Section 1 of the CCA defines an emergency as:
- an event or situation which threatens serious damage to human welfare;
  - an event or situation which threatens serious damage to the environment; or
  - war, or terrorism, which threatens serious damage to security.
- 2.3 In practice, local authorities may meet this duty by disseminating generic information through websites, advertorials in local newspapers, press releases, mail-outs to businesses, participation in seminars or conferences or by establishing business continuity forums. Individual firms may also approach their local authority for specific advice and assistance. The regulations permit, though do not oblige, local authorities to provide specific business continuity management services and they may charge for advice provided on request. Local authorities are also required under the regulations to co-operate with other authorities within the same local resilience forum area when performing their duties under section 4. The London Regional Resilience Forum covers all London boroughs.

### **What is business continuity management?**

- 2.4 The British Standards Institute defines business continuity management as:
- “A holistic management process that identifies potential threats to an organisation and the impacts to business operations that those threats, if realised, might cause, and which provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities.”<sup>7</sup>”
- 2.5 In practical terms, the process may involve companies having contingency arrangements in place for loss of IT, breakdown of telecommunications and

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<sup>7</sup> BS25999-1 British Standards Institute’s Code of Practice for Business Continuity Management.

large scale and long-term employee absences. Such arrangements include businesses having organised access to an alternative work site or a telephone cascade system to ensure information is made available to all staff during an incident.

- 2.6 For the purpose of this investigation, small businesses are defined as those with fewer than 20 employees. There is no universally accepted definition of a small, medium or large business, however, the Department for Business, Enterprise and Regulatory Reform's Small Business Service Analytical Unit collates and analyses nationwide and regional data on businesses with no employees, and on those with under 20. In order to make use of the Unit's data in the course of this investigation, a similar definition has been adopted<sup>8</sup>.

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<sup>8</sup> [www://stats.berr.gov.uk/ed/sme/](http://www://stats.berr.gov.uk/ed/sme/).

### 3. Promoting business continuity

#### How are London boroughs promoting business continuity?

- 3.1 Local authorities have made progress in implementing their new duties in relation to business continuity promotion. Nationally, the Cabinet Office's Civil Contingencies Secretariat notes that over two thirds of local authorities now have the mechanisms in place to get a generic message on business continuity out to the business community at large though it also states that "there is still a long way to go" in implementing the newer duties of the Act<sup>9</sup>.
- 3.2 All London boroughs responded to our survey and described the mechanisms they have in place to meet the requirements placed on them by the Act. Their responses indicate that each is at least promoting business continuity through their websites. Borough business continuity webpages are usually quite simple, with information provided via links to external sources of information, for example, the material produced for the London Regional Resilience Forum available at [www.londonprepared.gov.uk](http://www.londonprepared.gov.uk) or the guidance provided by the Cabinet Office at [www.preparingforemergencies.gov.uk](http://www.preparingforemergencies.gov.uk).
- 3.3 There is also wide-spread use of the package of generic business continuity materials originally launched by the Business Implementation Group (the predecessor of the BCPG) in March 2006. This material is distributed in mailings often enclosed with annual business rate demands. Nine of the 33 boroughs promote business continuity in this way. A further six boroughs have placed advertorials and articles on the benefits of continuity planning in borough newspapers and local business newsletters.
- 3.4 In response to our survey, 24 of the 33 London boroughs also described plans to host their own events and seminars on business continuity, specifically aimed at local businesses. Some local boroughs have also mounted targeted campaigns on business continuity, using local press and other media to promote the benefits of planning for an emergency.

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<sup>9</sup> [www.preparingforemergencies.gov.uk](http://www.preparingforemergencies.gov.uk)

### **Case Study: Captain Continuity**

The London Borough of Southwark promotes business continuity management through a succinct, colourful and eye-catching single webpage, with an emphasis on simple, practical advice. The site links to a comic-book format practical guide on safeguarding small businesses, including top five tips from Captain Continuity:

1. Get suitable insurance;
2. Back up IT data regularly;
3. Keep a contact list of staff, critical suppliers and customers off site;
4. Understand what is 'critical';
5. Keep reviewing this information and test it



The Borough Emergency Planning and Resilience Officer has planned a major campaign to promote business continuity to small businesses, which was launched at the end of 2007. The campaign is direct, face-to-face and involves partnership working with the London Fire and Emergency Planning Authority and Southwark Council's Community Wardens. Businesses will be visited on a road-by-road basis, and press articles, 'promobikes', posters, leaflets and a Radio Peckham panel show will seek to encourage small and medium sized businesses to contact Southwark council for advice and assistance on business continuity planning.

A clear campaign brief and evaluation strategy have been developed to gauge the success of the campaign and learn lessons for future contact with small and medium sized businesses.

<http://www.southwark.gov.uk/BusinessCentre/EmploymentandEnterprise/businesscontinuitymanagement.html>

### **How effective are current methods of promoting business continuity?**

- 3.5 Survey results and meetings with local authority representatives have highlighted a number of examples of successful approaches to implementing the new business continuity promotional duty and there is no doubt that much good work is being accomplished in the London boroughs. Two significant issues remain though: the extent to which the methods used to promote the material are reaching small businesses in London and the relevance of the material distributed.
- 3.6 In response to our survey, the majority of local authorities described the difficulties they experience in effectively engaging with small businesses. The Federation of Small Businesses (FSB) itself acknowledges how problematic communicating with small businesses can be. The FSB also referred to a perception amongst small businesses that local authorities do not understand their priorities or ways of working and indeed, a recent survey undertaken by the

FSB showed that, in London, fewer than one per cent of businesses sought advice from local authorities on any matter<sup>10</sup>.

- 3.7 This communication difficulty has been evident in the poor response of the business community to the attempts by many London boroughs to hold generic business continuity seminars. Without exception, such events have been poorly attended. For example, one local authority described plans to hold a business continuity management seminar for businesses within all boroughs in north-east London; not a single business indicated they would be interested in attending the event. Similar experiences were replicated across a number of boroughs.
- 3.8 Furthermore, there was little evidence from the survey that London boroughs have as yet learned lessons from the experience of others. The Corporation of London told us that officers had found that specific events on business continuity were unlikely to attract many business representatives. Many boroughs within London are continuing to mail out to thousands of businesses for events, which are often sparsely attended.
- 3.9 There are also issues with the extent to which generally produced information on business continuity is appropriate for small businesses. Business representative groups have stressed that the success of generic materials, often mailed out by local authorities with business rate demands, is likely to depend upon its suitability for its intended audience. Much of the information available on business continuity at a national and London level advocates the development of detailed contingency plans that should be regularly tested. Evidence from small business groups and submissions from London boroughs suggest that small businesses do not have sufficient resources or incentives to design detailed contingency plans. As a consequence they may not take any measures to protect themselves against events which might result in them losing business.
- 3.10 The likelihood of generic advice being effective at raising levels of preparedness amongst small businesses is further called into question by the fact that the operational arrangements of small businesses vary significantly. For example, the Federation of Small Businesses estimates that, nationally, around one third of all small businesses are based in residential premises, i.e., these businesses are run from home.
- 3.11 Similarly, around half of people who live in London (aged 16 or over) but were born overseas have English as a second language<sup>11</sup>. Therefore, the proportion of small businesses in London will have proprietors who do not necessarily speak fluent English is likely to be significant. It is also likely that many small businesses or sole traders do not necessarily rely on computers to run their businesses. Therefore, complex generic material, presented in English, available on websites and which stresses the need for escape routes, staff contact lists

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<sup>10</sup> Evidence received in the course of the investigation (meeting and letter of 15/10/07).

<sup>11</sup> Office of National Statistics; *2007 Labour Force Survey*. Distributed by the Economic and Social Data Service. Crown Copyright material is reproduced with the permission of the Controller of HMSO and the Queen's Printer for Scotland.

and arrangements for alternative premises is unlikely to reach or be relevant to significant parts of London's business community.

**What works?**

- 3.12 The London Chamber of Commerce and Industry agreed that business continuity material must be sufficiently engaging to capture attention whilst stressing that a minimal amount of planning can have a huge impact on an organisation's ability to survive a disaster. There is evidently a need for local authorities to ensure that business continuity advice is appropriate to the profile and complexity of an organisation and to ensure that the advice is distributed in an engaging a manner as possible. One emergency planning officer has suggested that all most small businesses need is a data back-up system and good 'loss of trade' insurance.
- 3.13 As it seems reasonable to assume there may be a substantial range of IT reliance and business management sophistication across London's small businesses, business continuity promotional materials should be kept relatively simple, and should seek to provide a guidance framework rather than a prescriptive set of requirements. A simplified framework of this type would allow businesses to use the continuity planning tools most relevant to the nature of their own practice.

*Recommendation:*

1. The BCPSG should develop pilot schemes for distributing business continuity information to the right contacts in small businesses in an engaging and practical format. Examples may include the distribution of memory sticks containing business continuity information and space for saving key business contacts. Alternative schemes will need to be developed to recognise that a significant proportion of small businesses in London may not be reliant on computers or information technology systems. The Mayor to be invited to report back on this recommendation by September 2008, in his capacity as Deputy Chair of the LRRF.

- 3.14 Though attempts to host seminars or meetings specifically to promote business continuity have invariably attracted little interest from the business community, local authorities have fared much better when they have tapped into established networks and support structures within the business world. Seminars and promotional events organised by boroughs in collaboration with local chambers of commerce or other business support services have delivered higher levels of attendance and have thus achieved raised awareness of business continuity issues. For example, the London Borough of Greenwich has hosted events in association with the South East London Chamber of Commerce and various local trade associations. Greenwich has also placed articles on business continuity planning in the Chamber's journal and run presentations for the membership of the Greenwich Business Support Forum.

### **Case Study: London Borough of Wandsworth**

Business continuity is promoted through existing business networks, for example, presentations at Wandsworth Business Forum and joined-up work with the local chamber of commerce. The business continuity section of the borough website is succinct and dominated by three attention-grabbing statistics:

- 90 per cent of businesses that lose their data in an emergency close within two years.
- 80 per cent of businesses suffering a major incident close within 18 months if they have no effective BCM plan.
- 58 per cent of UK organisations were disrupted by events on September 11th 2001. One in eight was seriously affected

However, Wandsworth's submission also highlighted the difficulty of communicating with small businesses. The borough has a highly varied business profile, ranging from sole traders to multi-nationals, with very different business continuity needs. At two localised events for the town centres of Balham and Clapham Junction attendance was low. The Emergency Planning team propose to consult further with the business community and town centre managers to seek their views on the most effective way of communicating such information to businesses.

[www.wandsworth.gov.uk](http://www.wandsworth.gov.uk)

- 3.15 Officers working on business continuity promotion in 27 of the 33 London boroughs are perhaps not surprisingly located in emergency planning departments. The remainder operate from a range of other departments. Some boroughs do appear to have done more than others to integrate business continuity promotion work with different parts of the authority that more regularly work with small businesses. There are potentially lessons to be learned from local authorities which seek to maximise all of their existing contacts with the small business community when undertaking business continuity promotion work. Staff involved in the economic development or business sector support functions of boroughs may be more likely to have established relationships with small businesses, and should be encouraged to view the provision of businesses continuity advice and assistance as a natural extension of their work.
- 3.16 For example, the Corporation of London uses established networks to make contact with the business community and to generate opportunities to promote continuity and resilience issues, such as its Crime and Disorder Reduction Partnership, Environmental Services officers and Surveying teams. In order to encourage a joined-up approach to business continuity promotion across local authority departments it is important to ensure there is a demonstrable high-level commitment to this duty, which will then facilitate collaborative and cross-departmental working.

Case Study: Royal Borough of Kensington and Chelsea

A number of London boroughs mail out business continuity information in hard copy to small businesses along with their business rate demands. However, there is a widespread perception that there is limited engagement from small businesses with such mailings and with resilience issues more generally.

The Royal Borough of Kensington and Chelsea emergency planning team do not send out leaflets. Instead, they are now pursuing direct contact with owners and/or managers and visiting their business establishments.

This clearly has significant resource implications, which are being addressed through 'imaginative use of other workers who engage with businesses' to speak to individual business owners and managers, such as Environmental Health workers, Food Safety Teams and Neighbourhood Police Teams. Additionally, the borough produces an electronic Business Information Service email every month, which contains information on a range of issues of interest to local small businesses, including continuity planning guidance.

*Recommendation:*

2. The BCPSG should develop guidance for boroughs, based on good practice highlighted in survey responses to this investigation, on how to promote business continuity at the point of delivery of other services provided by the local authority, for example, health and safety enforcement. The Mayor to be invited to report back on this recommendation by September 2008, in his capacity as Deputy Chair of the LRRF.

- 3.17 Evidence from small business representative organisations has identified a need to find new ways of reinforcing the relevance and severity of continuity issues to small businesses. Experience from the London boroughs has shown that it is difficult for local authority officers alone to achieve this. The involvement of the emergency services has been found to assist in emphasising the possible consequences of inadequate planning. For example, the London Borough of Harrow described various successful joint presentations undertaken with the Police and Fire Service, where the presence of uniformed officers and the multi-agency advice seemed to drive home the message that business continuity is a serious issue, deserving of the attention of businesses.
- 3.18 The London Borough of Ealing has also pursued collaborative working with the emergency services, inviting the police to open the inaugural meeting of the Ealing Business Continuity Forum with a project Argus presentation. Invites were sent to over 10,000 local businesses with 50 or less employees, an advert was included in the Council magazine 'Around Ealing' and on the business continuity pages of the borough website. Officers in the Civil Protection Unit also engaged with local business umbrella organisations, such as the Ealing

Chamber of Commerce. The event was attended by around 70 representatives of local business and voluntary organizations and was considered above average by 90 per cent of delegates.

*Recommendation:*

3. London boroughs should pursue and further develop cross-agency working to highlight the severity of business continuity issues, involving the police and fire service. The Mayor to be invited to report back on this recommendation by September 2008, in his capacity as Deputy Chair of the LRRF.

- 3.19 It is also important for local authorities to harness the expertise existing in the private sector on these issues. Large businesses are almost twice as likely to have business continuity measures in place as small organisations, and some 80 per cent of finance and insurance businesses have continuity plans<sup>12</sup>.
- 3.20 Large businesses in any given locality are frequently connected to neighbouring small organisations not only through their geographical proximity but also through supply chain relationships. For example, one of the reasons it proved so difficult for small businesses in Buncefield to recover from the disaster was that their customer base predominantly consisted of multinational businesses with premises on the Mayfields estate, many of whom temporarily re-located for a considerable period after the fire.
- 3.21 The Corporation of London has sought to exploit such connections by establishing 'buddy schemes', wherein business continuity and security advisers in large companies support their smaller neighbours in developing simple tools to strengthen organisational resilience. Such interventions can range from sharing a local evacuation site to establishing telephone cascade systems in order to ensure all relevant personnel and other key contacts are notified of emergencies.
- 3.22 Of course, the unique nature of the City, in terms of business clustering and susceptibility to external threats, is acknowledged and such buddying systems may not be as appropriate in boroughs where businesses are more dispersed. However, similar schemes could be pursued in town centres via town centre management organisations, where they exist, or by initiating discussions with local shopping centres.

*Recommendation:*

4. The Business Continuity Promotion Steering Group (BCPSG) should consider the lessons learnt from the City of London Corporation's pilot 'buddy scheme' initiative and how best to tailor the initiative for replication in other London boroughs. The Mayor to be invited to report back on this recommendation by September 2008, in his capacity as Deputy Chair of the LRRF

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<sup>12</sup> Chartered Management Institute, *Business Continuity Management*, March 2007.

#### **4. What more can boroughs do to promote business continuity?**

- 4.1 Meetings with business representation groups confirmed that direct mailings and lengthy specialist meetings arranged by local authorities are not attractive propositions to businesses. Not only because of the limited time and resources small enterprises are able to dedicate to resilience issues, but also because of a perception that local authorities do not understand the needs and priorities of the business community.
- 4.2 Local authorities, as major commissioners of goods and services, also benefit from supply chain relationships with many local small businesses. When a local authority is tendering a business-critical contract it is clearly important to ensure that potential suppliers have robust resilience systems in place. However, it is not suggested that such a requirement be extended to all suppliers, regardless of the size of the organisation or the nature of the service provided. It may be appropriate to ensure an IT system provider has resilience issues in mind, but not necessarily to ensure, for example, that the window cleaner has an audited business continuity plan.
- 4.3 The GLA and the functional bodies are also significant employers and contractors of services in their own right. The GLA, Metropolitan Police Service, Transport for London, the London Development Agency and the London Fire and Emergency Planning Authority have a total annual budget of over £11 billion. It is important that these bodies also play a role in promoting the importance of business continuity.
- 4.4 There is scope for local authorities, as well as the GLA Group, to use the relationships they build with local businesses during the procurement process to highlight continuity issues and to support small businesses interested in tendering their services. This could take the form of sending out appropriate promotional material with tender packs, or requiring businesses to have continuity plans in place if they are to be allowed to bid for contracts over a certain value.

*Recommendation:*

5. London boroughs and the GLA to identify how best to promote business continuity planning through their own procurement processes e.g., by making it a requirement or by sending out promotional literature with tender packs. London Councils and the Mayor to be invited to report back on this recommendation by September 2008.

## 5. Beyond the Duty – Incentives and Strategic working

- 5.1 The Government described the duty on local authorities as a ‘light-touch awareness raising’ responsibility which should not be onerous. Local authorities are not required to ensure their advice on business continuity permeates to every business within their boundaries. Rather, the Civil Contingencies Act imposes a duty to provide generic advice on business continuity management in the context of defined emergencies.
- 5.2 Evidence from small business representatives suggests awareness of resilience issues remains low amongst the business community and it is clearly unlikely that this duty alone will be sufficient to raise awareness of the importance of business continuity among London’s businesses. This is also borne out by the evidence from London boroughs on the resources they are able to allocate to this duty. Over half of London’s boroughs have only one full time equivalent member of staff or less to promote business continuity to the capital’s thousands of firms.

### **Case Study: Business Continuity Promotion in New Zealand**

The New Zealand Government’s Ministry of Civil Defence and Emergency Management is currently engaged in a four-year national programme to promote public education in resilience and continuity planning. The programme is being conducted through television, press and radio advertising and a supporting website has been established containing information aimed at the individual, families, communities and businesses: [www.getthru.govt.nz](http://www.getthru.govt.nz)

The key piece of legislation is the Civil Defence Emergency Management Act 2002, which requires companies and organisations to have business continuity management arrangements in place, particularly lifeline utilities and local authorities. The Act states that an organisation ‘must ensure that it is able to function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency.’ In order to be able to do this they must have some form of business continuity management in place.

New Zealand is divided into 16 Civil Defence Emergency Management Groups based on regional boundaries. Membership of the Groups include local authority chief executive officers and senior representatives of the police, fire service, district health board and ambulance service.

Each Group establishes its own strategic programme but a common work stream is public education and the promotion of emergency management and continuity planning to local communities, including businesses. The next generation of Group plans being developed over the next couple of years will have a greater emphasis on business continuity management and promotion: <http://www.civildefence.govt.nz>

- 5.3 It is not clear from where else the strategic lead in building resilience is coming. During the investigation, suggestions were made by small business organisations on ways in which small businesses could be encouraged and incentivised to prepare for an emergency. These suggestions, discussed below, are unlikely to be practical for implementation by individual boroughs and other options should be explored.
- 5.4 The FSB argues that the vast majority of small businesses do not seek or receive advice on business continuity from local authorities. As mentioned in Section Three, above, a recent survey undertaken by the FSB shows that less than one per cent of small businesses seek advice from local authorities on *any* issue. Accountants and solicitors are the most common sources of advice<sup>13</sup>.
- 5.5 Discussions with the London Chamber of Commerce and Industry underlined this need to consider using recognized sources of advice when seeking to influence small businesses. Both the Chamber and the FSB suggested that businesses may also need to be incentivised to take continuity planning seriously. Potentially, this could be achieved by business continuity plans being incorporated as a requirement for a small business loan or for provision of loss of trade insurance.
- 5.6 Of course, such a requirement would raise questions about how the quality of an organisation's business continuity plan could be assessed. The British Standards Institute has recently introduced a business continuity planning standard, which may be a potentially useful validation tool. However, the process for achieving the Standard is quite lengthy, and the complexity of the planning systems required may not be appropriate for all small businesses<sup>14</sup>.
- 5.7 Initial discussions have been entered into with banks and insurers to explore their potential roles in business continuity promotion. The Corporation of London has held talks with banks about the possibility of business continuity plans becoming a requirement prior to the provision of business loans, and some insurers do already provide discounts to businesses with business continuity management plans in place.
- 5.8 There is clearly a need to take forward strategic discussions of this nature, which, potentially, could also include the possibility of banks distributing literature on business continuity with financial statements or with other information they send to their small business clients.
- 5.9 Such discussions would seem to be most appropriately managed at a national level and it is suggested that the London Regional Resilience Forum should work with the Civil Contingencies Secretariat to identify the most effective way to enter into negotiations with the Association of British insurers and major banks. There may be scope for London to build upon the work already initiated by the Corporation of London, amongst others, in this area and undertake a pilot exercise in co-operating with insurers and banks around business continuity

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<sup>13</sup> Evidence received in the course of the investigation (meeting and letter of 15/10/07).

<sup>14</sup> BS25999-1 British Standards Institute's Code of Practice for Business Continuity Management.

promotion. Were a London-based trial to prove successful it would have the potential to influence national policy.

- 5.10 Section Three, above, describes the boroughs' successful collaborations with the emergency services and argues that further multi-agency working to highlight the severity of business continuity issues should be pursued. The statutory guidance on the Civil Contingencies Act also emphasises the importance of multi-agency working with the emergency services when undertaking business continuity promotion, however, as this principle is not universally applied across London, there may be scope for the guidance to be strengthened or for this specific principle to be included in the Act itself.

*Recommendations:*

6. The Civil Contingencies Secretariat within the Cabinet Office should consider whether the statutory guidance encouraging co-operation between local authorities and the emergency services in promoting business continuity should be made a requirement under the regulations.

The London Regional Resilience Forum should work with the Civil Contingencies Secretariat to identify the most effective way to enter into discussions with the Association of British Insurers and major banks to establish the feasibility of providing incentives to businesses adopting business continuity plans. Any negotiations with banks should also encourage them to disseminate information on business continuity with their literature to small businesses, e.g., bank statements. The Mayor to be invited to report back on this recommendation by September 2008, in his capacity as Deputy Chair of the LRRF.

## 6. Conclusion

- 6.1. It is evident that many London local authorities are striving to identify effective ways of promoting continuity arrangements to small businesses in their areas. However, on the whole, London boroughs are experiencing very similar difficulties in successfully communicating with this important audience. The establishment of the Business Continuity Promotion Steering Group is welcomed and will no doubt improve co-ordination of the duty generally and facilitate the sharing of best practice amongst local authorities. It is therefore an opportune moment for the BCPSG to consider adopting a number of these recommendations as part of its business planning process.
- 6.2. It should be acknowledged that the statutory guidance on the Civil Contingencies Act touches upon a number of the areas highlighted above for further development. In particular, the guidance emphasises the importance of multi-agency working with the emergency services, advocates the use of existing business networks, and recommends that emergency planning officers should harness the support of other staff within the local authority who enjoy a more established relationship with local businesses.
- 6.3. The guidance also stresses that local authorities should ensure materials used are appropriate to the needs of businesses, which may vary considerably<sup>15</sup>. Our evidence suggests that these principles of good practice are not universally applied across London. There may be an argument for strengthening the guidance on these key recommendations, or for including more of these specific principles in the Act itself.
- 6.4. It is important to look beyond local authorities and the duty placed on them to ensure that small businesses are encouraged to take simple steps to prepare for potential emergencies. For example, there is the potential for progress to be made from negotiations at a strategic level with insurers and banks on incentives to adopt business continuity measures.
- 6.5. Our research and evidence received in the course of this investigation suggests that the recommendations contained in this report will greatly contribute to the resilience of small businesses in the capital, and so reinforce the preparedness of London's economy and communities. Business continuity and the processes associated with it can be seen as rather dry and technical. Yet the importance of London's economy proving resilient to the external threats it faces should not be understated. Preparing for the worst does not have to be resource-intensive. Simple measures taken now by small business can ensure that they continue to be a key driver of London's economy in the aftermath of a major emergency. It is the job of London's local and strategic government to do it all it can to make sure this happens.

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<sup>15</sup> HM Government, *Emergency Preparedness: Guidance on Part 1 of the Civil Contingencies Act 2004, its associated Regulations and non-statutory arrangements*, November 2005.

## Appendix 1: List of recommendations

1. The BCPSG should develop pilot schemes for distributing business continuity information to the right contacts in small businesses in an engaging and practical format. Examples may include the distribution of memory sticks containing business continuity information and space for saving key business contacts. Alternative schemes will need to be developed to recognise that a significant proportion of small businesses in London may not be reliant on computers or information technology systems. The Mayor to be invited to report back on this recommendation by September 2008, in his capacity as Deputy Chair of the LRRF.
2. The BCPSG should develop guidance for boroughs, based on good practice highlighted in survey responses to this investigation, on how to promote business continuity at the point of delivery of other services provided by the local authority, for example, health and safety enforcement. The Mayor to be invited to report back on this recommendation by September 2008, in his capacity as Deputy Chair of the LRRF
3. London boroughs should pursue and further develop cross-agency working to highlight the severity of business continuity issues, involving the police and fire service. The Mayor to be invited to report back on this recommendation by September 2008, in his capacity as Deputy Chair of the LRRF.
4. The Business Continuity Promotion Steering Group (BCPSG) should consider the lessons learnt from the City of London Corporation's pilot 'buddy scheme' initiative and how best to tailor the initiative for replication in other London boroughs. The Mayor to be invited to report back on this recommendation by September 2008, in his capacity as Deputy Chair of the LRRF
5. London boroughs and the GLA to identify how best to promote business continuity planning through their own procurement processes e.g. by making it a requirement or by sending out promotional literature with tender packs. London Councils and the Mayor to be invited to report back on this recommendation by September 2008.
6. The Civil Contingencies Secretariat within the Cabinet Office should consider whether the statutory guidance encouraging co-operation between local authorities and the emergency services in promoting business continuity should be made a requirement under the regulations.
7. The London Regional Resilience Forum should work with the Civil Contingencies Secretariat to identify the most effective way to enter into discussions with the Association of British insurers and major banks to establish the feasibility of providing incentives to businesses adopting business continuity plans. Any negotiations with banks should also encourage them to disseminate information on business continuity with their

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literature to small businesses, e.g., bank statements. The Mayor to be invited to report back on this recommendation by September 2008, in his capacity as Deputy Chair of the LRRF.

## Appendix 2: The London Regional Resilience Landscape

### 1. National Level

**The Civil Contingencies Secretariat (CCS)** sits within the Cabinet Office at the heart of central government. Its purpose is to work in partnership with government departments, the devolved administrations and key stakeholders to enhance the UK's ability to prepare for, respond to and recover from emergencies<sup>16</sup>.

### 2. London Regional Level

**The London Regional Resilience Forum (LRRF)** reports to the Government and is co-chaired by John Healey, Minister for Local Government, and Tessa Jowell, Minister for London and the Olympics, with Ken Livingstone, Mayor of London as Deputy Chair. It is composed of senior officials representing the main emergency organisations and key sectors within the partnership

The Forum is supported by a number of Panels which allow partners in relevant sectors to concentrate on particular aspects of London's preparedness. These include:

- The Business Sector Panel (representing the general business community)
- The Voluntary Sector Panel (improving the effectiveness of the voluntary sector contribution to emergency response)
- The Utilities Sector Panel (dealing with matters affecting the key utilities such as water, electricity, gas and telecommunications)
- The Faith Sector Panel (representing the faith organisations)
- The Transport Sector Panel (representing transport organisations)
- The Health Sector Panel (dealing with matters related to the health sector)
- The Local Authorities Sector Panel (representing the London Boroughs)
- The Communications Sector Panel (making arrangements for warning and informing the public)
- The Blue Lights Panel (dealing with matters related to the emergency services).

**The London Resilience Team (LRT)** was established to carry out the work agreed by the LRRF and also acts as secretariat to the Forum. Based within the Government Office for London, the team comprises a core staff of civil servants and secondees from London's key resilience partners.

It currently has members from:

- The Metropolitan Police Service
- The British Transport Police
- The City of London Police
- The London Fire Brigade
- The London Ambulance Service
- The National Health Service
- The Greater London Authority

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<sup>16</sup> <http://www.ukresilience.info/ccs.aspx>

- Transport for London
- London Underground
- London Fire and Emergency Planning Authority (LFEPA)
- British Red Cross
- Department for Transport<sup>17</sup> .

### **3. London Local Authorities and Emergency Services**

**The Local Authorities Sector Panel** represents the London Boroughs on the LRRF. The BCPSG reports directly to the Local Authorities Sector Panel (see Appendix 3 for more details).

**Local Resilience Forums:** One of the ways co-operation and information sharing is achieved is through Local Resilience Forums (LRFs). In London there are six LRFs, bringing together groups of five or six boroughs. One key area of work undertaken by LRFs is the maintenance of Community Risk Registers (CRRs). The CRR describes the risks in an LRF area, and assesses the likelihood, and impact of a risk occurring. This forms the basis for emergency planning workstreams in the area.

The LRFs are chaired by local authority chief executives and their membership includes all category one responders. Category two responders attend under their right to invite/right to attend, other interested partners including the voluntary sector, business and the military are also involved.

The LRFs have established a new tier of collaboration between category one and two responders. This tier bridges the gap between regional and borough level forums. The London Regional Resilience Forum (LRRF) sets the policy for London, and the LRFs oversee the local implementation of that policy<sup>18</sup>.

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<sup>17</sup> <http://www.gos.gov.uk/gol/preparingforemergencies/>

<sup>18</sup> [http://www.london-fire.gov.uk/about\\_us/local\\_resilience\\_forums.asp](http://www.london-fire.gov.uk/about_us/local_resilience_forums.asp)

## Appendix 3: Business Continuity Promotion Steering Group



### LONDON REGIONAL RESILIENCE FORUM, LOCAL AUTHORITIES' PANEL BUSINESS CONTINUITY PROMOTION STEERING GROUP

#### 1. Introduction

The Business Implementation Group was established in 2005 with the specific role of assisting London Local Authorities to prepare, and be able to begin to promote business continuity as required by the Civil Contingencies Act 2004.

The group successfully launched a package of generic business continuity materials in March 2006; thereby, completing its original aims and objectives.

The group continued to work to a revised business plan until being re-established as the Business Continuity Promotion Steering Group with the following aim.

#### 2. Aim

To enhance and develop the capacity of London Local Authorities to undertake their statutory role of promoting business continuity to businesses, including small and medium enterprises and voluntary organisations.

#### 3. Terms of Reference

- To establish, promote and communicate best practice across London
- To ensure the above is compatible with any regional or national advice
- To develop London wide initiatives where appropriate
- To enable local authorities to benefit from any potential economies of scale
- To ensure, where appropriate, activity is coordinated and consistent across agencies
- To monitor progress across London Local Authorities and where necessary make recommendations
- To provide coordinated representation on business continuity issues to the London regional Resilience Forum via the Local Authority Panel.

#### 4. Membership

- Chair - Local authority Chief Executive Officer
- Deputy Chair - Local authority Chief Executive Officer
- Representation of LRRF Business Sub-Committee (LRT)

- London Chamber of Commerce
- Business Community Representatives
  - Business Continuity Institute
  - Business Continuity Forum
- Voluntary Organisations
- Local Authority representative from each London LRF
- Representatives from Metropolitan and City Police Services
- London Resilience Team
- The City of London
- LFB Emergency Planning (also to provide secretariat support)

Other organisations will be invited to attend meetings of the group as required to undertake individual projects.

## **5. Reporting Structure**

The BCPSG reports to the Local Authorities' Panel of the London Regional Resilience Forum.

## **6. Business Plan**

In partnership with appropriate stakeholders the BCPSG will establish an annual business plan, to focus its aims and provide a measure of success.

## **7. Project Groups**

In support of the annual Business Plan, the BCPSG will establish task & finish groups as required to undertake identified projects. These will be small groups comprised of the most appropriate people required to achieve the task.

## **8. Meeting Frequency**

The BCPSG will meet approximately two or three times per annum as determined by the Chair. Project groups will meet more frequently as required for the specific project.

## **9. Secretariat**

London Fire Brigade Emergency Planning will provide secretariat support.

## Appendix 4: List of written responses

We wrote to the London boroughs and key stakeholders, inviting their views on a range of issues pertinent to this review.

A number of organisations responded:

London Borough of Lambeth	London Borough of Lewisham
Metropolitan Police Authority	London Borough of Newham
London Borough of Enfield	City of London Police
London Borough of Barnet	London Borough of Hammersmith and Fulham
London Borough of Camden	London First
London Borough of Tower Hamlets	London Borough of Bromley
London Borough of Bexley	LFEPA
London Borough of Brent	London Borough of Westminster
London Councils	London Borough of Redbridge
London Borough of Wandsworth	London Local Authorities Emergency Planning Group
London Borough of Hillingdon	Royal Borough of Kensington and Chelsea
London Borough of Richmond	London Borough of Harrow
London Borough of Waltham Forest	London Borough of Barking and Dagenham
London Borough of Croydon	London Borough of Southwark
London Borough of Ealing	Contingency Planning Unit
London Resilience Team	Emergency Planning and Business Continuity Unit
London Borough of Greenwich	London Borough of Sutton
London Development Agency	City of London
Federation of Small Businesses	London Borough of Merton
City of London	London Borough of Islington
London Borough of Hackney	London Borough of Kingston Upon Thames
	London Borough of Haringey

We received 43 responses from 66 calls for evidence. Copies of all responses received are available on request.

## **Appendix 5: Meetings and site visits**

### **Meetings**

We discussed good practice in disseminating information and barriers to effective communication with small businesses with a number of organisations:

- 31 October 2007, Federation of Small Businesses;
- 7 November, the London Chamber of Commerce and Industry;
- 28 November, the Clerk to the City of London Corporation and Chairman of the Business Continuity Promotion Steering Group;

In addition, informal meetings were held with the Emergency Planning team at LFEPA, officers of London Councils and with a range of Borough Emergency Planning officers.

## **Appendix 6: Principles of London Assembly scrutiny**

### **An aim for action**

An Assembly scrutiny is not an end in itself. It aims for action to achieve improvement.

### **Independence**

An Assembly scrutiny is conducted with objectivity; nothing should be done that could impair the independence of the process.

### **Holding the Mayor to account**

The Assembly rigorously examines all aspects of the Mayor's strategies.

### **Inclusiveness**

An Assembly scrutiny consults widely, having regard to issues of timeliness and cost.

### **Constructiveness**

The Assembly conducts its scrutinies and investigations in a positive manner, recognising the need to work with stakeholders and the Mayor to achieve improvement.

### **Value for money**

When conducting a scrutiny the Assembly is conscious of the need to spend public money effectively.

## **Appendix 7: Orders and translations**

### **How to order**

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