

# **Business Continuity Toolkit** **For Coronavirus**

**Cumbria Chamber of Commerce**  
in association with  
**Lamont Pridmore**



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## **1. Introduction**

We suggest you discuss this Business Continuity Plan for Coronavirus with your accountant, financial adviser and/or business adviser who will advise you on the best methods of implementation for your business.

This plan is specifically written for those directly affected by Coronavirus and the latest lockdown and restrictions, but most is equally applicable if your business has been affected indirectly, e.g. if a key supplier or customer(s) is out of action.

## **2. Expected Timescale**

The expected period of disruption will not be the same for everyone, as the events of 2020 have shown.

We recommend that those businesses that can should create a fund of cash or bank facilities to be able to operate for at least six months with no or considerably reduced sales.

We appreciate that this may be difficult given the events of the last year, which is why additional financial support should be obtained where possible from the various Government schemes.

You should make an estimate of how long your business will be out of action for and/or how long your customers/suppliers will be affected.

## **3. Keeping Your Business Going**

Prepare a Coronavirus policy to keep you, your staff, their families and your customers safe. If you have an existing policy, review it and make sure it is applicable to the current set of circumstances.

Make sure you communicate with your staff as soon as possible – and keep communicating with them. This will extend the operation of your business for as long as possible during the pandemic. If the virus does impact on staff forcing them to alter or reduce their working hours, work from home or furlough, make sure this is communicated clearly in writing.

If you haven't already, you may need to consider how to operate your business within social distancing guidelines, perhaps at reduced capacity to ensure staff can adhere to health and safety procedures.

Once the national lockdown restrictions begin to be lifted once again, you may need to consider how your customers or suppliers can access your business when still enforcing social distancing recommendations. This may include further investment in protective measures in line with the latest Government guidance.

#### 4. Current Government Guidelines for Individuals

To keep up to date with current guidelines, please visit [www.gov.uk/guidance/national-lockdown-stay-at-home](https://www.gov.uk/guidance/national-lockdown-stay-at-home)

This guidance covers:

1. [When you can leave home](#)
2. [Meeting other people](#)
3. [Exercising](#)
4. [Face coverings](#)
5. [Support and childcare bubbles](#)
6. [If you break the rules](#)
7. [Protecting people more at risk from coronavirus](#)
8. [Going to work](#)
9. [Going to school or college](#)
10. [Universities](#)
11. [Childcare](#)
12. [Travel](#)
13. [International travel](#)
14. [Staying away from home overnight](#)
15. [Care home visits](#)
16. [Funerals](#)
17. [Weddings, civil partnerships and religious services](#)
18. [Places of worship](#)
19. [Sports and physical activity](#)
20. [Moving home](#)
21. [Financial support](#)
22. [Businesses and venues](#)
23. [Businesses and venues which can remain open](#)
24. [Healthcare and public services](#)

You should also:

- Immediately self-isolate stay at home for at least 10 days from when your symptoms started or if you receive a positive test. If you live with others, all other household members who remain well must stay at home and not leave the house for 14 days.
- You do not need to call NHS 111 to go into self-isolation. If you feel you cannot cope with your symptoms at home, or your condition gets worse, or your symptoms do not get better after 10 days, then use the [NHS 111](#) online service. If you do not have internet access, you should call NHS 111. For a medical emergency dial 999
- Wash your hands more often than usual, for 20 seconds using soap and water or hand sanitiser, particularly after coughing, sneezing and blowing your nose, before you eat or handle food, or when you get to work or arrive home

- Cover your mouth and nose with disposable tissues when you cough or sneeze. If you do not have a tissue, sneeze into the crook of your elbow, not into your hand. Dispose of tissues into a disposable rubbish bag and immediately wash your hands with soap and water for 20 seconds or use hand sanitiser.
- You must wear a face covering by law in some public places unless you have a face covering exemption because of your age, health or another condition. You are also strongly encouraged to wear a face covering in other enclosed public spaces where social distancing may be difficult and where you come into contact with people you do not normally meet. Social distancing, hand washing and covering coughs and sneezes, remain the most important measures to prevent the spread of COVID-19. Face coverings do not replace these. See the [staying safe outside your home guidance](#), and you can find guidance on [how to wear and make a cloth face covering](#).
- Clean and disinfect regularly touched objects and surfaces using your regular cleaning products to reduce the risk of passing the infection on to other people.

COVID-19 can make anyone seriously ill, but for some people the risk is higher. You can find more information on higher risk groups on [NHS.UK](#).

## **5. Customers, Suppliers and Marketing**

Continue to analyse your likely sales over various markets, considering not only the direct impact of your business but also any impact on your customers and suppliers as they may also have been affected.

The assessment needs to be realistic and not over optimistic because very important decisions will be taken based on this information. Look at:

- which, if any customers, you can continue to supply
- what you need to do to be able to supply other customers
- whether there are new channels you could use to sell to your existing and/or new customers e.g. online sales, home deliveries/supply, working with another business
- which customers will be so badly affected that their sales are likely to cease forever?
- which customers will be affected until they recover from the virus, how long is this likely to be and to what extent (will they not buy at all or will they buy less?)
- which customers won't be affected as much?
- whether there are new customers/markets you could target
- whether your suppliers are affected, how long this is likely to be the case for, and where, if necessary, you can source alternative supplies.

Make sure you communicate with your customers as soon as possible – and keep communicating with them throughout the latest restrictions.

Let them know your situation, how it affects them and what you are doing to maintain/restart supplies to them. Keep them up to date with the situation as it evolves. If

appropriate, think about how you could access new supplies quickly or provide services to them in a different venue – so that they aren't forced to go elsewhere.

When you're able to get back to 'normal' you might think about how to reward customers who've stayed loyal e.g. thank you card, special opening offer, opening event for customers.

## **6. Credit Control Procedures**

It's vital for your cash flow that you have stringent credit control procedures in place with any new customers (especially if they may be seeking alternative suppliers as their credit lines dry up) and with existing customers possibly seeking extended credit periods. These are difficult business decisions. You may have opportunities to create new relationships which will develop the business in the future but at the same time you may create additional financial strain on your own business in the very near future or it may even create a bad debt which will cause you serious financial problems in the future.

## **7. Your Contract Terms**

Review the contractual terms of your business to ensure that you understand the legal status of the various clauses, both for your customers and for your suppliers. Although you may have only done this last year, it is important to review once again.

If applicable you will need to take a commercial decision on your policy on cancellation of orders, bearing in mind your current financial situation and the potential lifetime value of that particular customer in future years. The more difficult your own current financial situation the more difficult the decision will be on whether you can accept the cancellation or whether you need to pursue a legally binding order. A similar situation will arise when you are considering cancelling orders with your suppliers.

## **8. Insurance Cover**

Check your business insurance policy to establish whether there is any relief under the business interruption and consequential loss sections.

Ask your insurance company exactly what you can claim for and what actions you need to take. Ask them also about an interim payment to help your business start trading as soon as possible to minimise your loss.

During the first lockdown it was revealed that many businesses weren't covered, but this has since been successfully challenged at the Supreme Court, so you should check whether this ruling affects your previous or existing cover.

## 9. Other Income Opportunities

Explore every possible income opportunity to establish whether new income streams can be created:

- new products/services that could be developed quickly
- other ways of getting your product or service to customers
- employment for a short while to increase income
- claiming any benefits that may be due to you
- government support announced in the Budget 2020 and recent updates and announcements

## 10. Government Support

There are various forms of Government financial support available to businesses and self-employed individuals, which you may wish to consider.

This includes:

- Bounce Back Loan Scheme (BBLs)
- Coronavirus Business Interruption Loan Scheme (CBILs)
- Coronavirus Job Retention Scheme (CJRS)
- Coronavirus Large Business Interruption Loan Scheme (CLBILs)
- Coronavirus Statutory Sick Pay Rebate Scheme
- Covid Commercial Financing Facility
- Deferring Income Tax
- Deferring VAT Payments
- Future Fund
- Incentive Payments for Hiring a New Apprentice
- Kickstart Jobs Scheme
- One-off top-up lockdown grants
- Rates Relief
- Self-employed Income Support Scheme
- Temporary reduced rate of VAT for certain services in the hospitality and tourism sectors
- The Additional Restrictions Grant
- The Local Restrictions Support Grant (LRSg (Closed))
- The Local Restrictions Support Grant (LRSg (Open))
- The Local Restrictions Support Grant (LRSg (Sector))
- Time to Pay (TTP) Arrangements

Full details of each of these schemes, including eligibility and how to apply for them are available via our dedicated COVID-19 hub on our website by [clicking here](#).

Be aware these support packages can change and will be updated on a regular basis and can be found on the government website: <https://www.gov.uk/government/news/coronavirus-covid-19-guidance-for-employees-employers-and-businesses>

## 11. Cost and Cash Control

Clearly there will be several urgent demands on your time but taking steps to cut costs and improve cash flow are vital.

The first course of action is to turn off as quickly as possible all non-essential cash outflow. This may be business or private expenditure, revenue or capital.

Review all standing orders and direct debits, whether business or private, and consider cancelling any non-essential payments.

The quicker this is done, the longer the business will be able to survive and the more likely it will have the necessary funds to support its recovery.

<b>Essentials</b>	<b>Non-Essentials</b>
Materials and direct costs of production to meet anticipated sales	Reduce stocks of raw materials
Key staff	Subcontractors
Light, heat and power	Non-essential repairs and maintenance (DIY)
Insurance	Motor repairs and service
Telephone system and internet	Telephone calls (if appropriate)
Marketing? (depends on your circumstances)	Printing and stationery
Agree rent deferrals	Marketing (if appropriate to your circumstances)
Business Rates 100% discount or deferral	Cleaning & laundry (DIY)
Taxes (PAYE, NIC, income tax, VAT) – defer for 6 months by calling HMRC	Heating
Essential living costs	Pension contributions (suspend)
Repairs to your property	Investments and savings plans (review)
Accountancy Fees (by agreement)	Capital expenditure
	Bank loan repayments (agree repayment holiday)
	Leasing & HP payments (agree repayment holiday)
	Non-essential personal expenditure
	Apply for a mortgage or rent holiday

## 12. Staffing levels

Regrettably it's vital to cut staffing levels as quickly as possible (in days) to those necessary to meet current or expected sales levels.

But you should first consider the Coronavirus Job Retention Scheme with Government Grants covering 80% of the salary of furloughed PAYE employees up to a maximum of £2,500 per month for those who would otherwise have been laid off during this crisis.

Once you have decided on these key workers needed to open the business once the pandemic is over then you move on to consider the position of the remaining staff:

- Review Contracts of Employment
- Consider varying terms and conditions such as negotiating amended hours, salary reductions or unpaid leave with staff
- Ask staff to take any holidays now
- Defer the start date for any new recruits
- Check notice periods to be given to put people on short time working or to make people redundant and any costs this would involve.
- Consider laying off staff.

Find more information here <https://www.gov.uk/lay-offs-short-timeworking>

You may decide to take a different approach for different groups of staff, depending on your needs now and in the future.

Make sure you follow the correct processes when carrying out any of these changes and take account of any contractual and legal requirements.

ACAS offer a free service on these issues – ring 0845 057 3170 or visit <https://www.acas.org.uk/>

Cumbria Chamber of Commerce members have access to free legal and HR support, see <http://www.cumbriachamber.co.uk> or call 0845 226 0040.

## 13. Quantify the Problem

Reduce costs and financial outgoings of the business to a minimum as quickly as possible (within days).

Once you have done this calculate how much money is needed to meet the level of costs and outgoings for the next six months or however long realistically you will be affected.



#### **14. Cash Flow Management**

Once you've quantified the problem the business will need to amass the necessary resources to meet these outgoings, whether this is in cash, credit facilities, bank overdraft, sale of surplus assets, introduction from your own resources or loans from friends or relatives, etc to meet these needs. Marshall all your assets and create a war chest for the battle ahead.

#### **15. Own Resources**

The business may need an injection of some of your own resources or those of your family or friends to help meet commitments. You should also keep back say another two months of outgoings as a contingency fund in case you are severely affected for longer than expected.

You may need to give notice of withdrawal from some designated bank or building society accounts and this should be done straightaway. Once you know how much you can introduce into the business from your own resources you will need to work out how you are going to find the balance.

#### **16. Sale of Surplus Assets**

To fund your business, you should consider selling any personal or business assets that are surplus to requirements. Trading stocks should be reduced to anticipate the non-existent or quieter trading period.

#### **17. Banks, Building Societies, Hire Purchase, Leasing and Other Funders**

It's vital that you discuss the situation with your banker or funder as soon as you have a draft financial plan in mind. The relationship that you've developed with your banker over the past few years will now become an important asset. Your banker should be understanding and supportive but may need to obtain authority from regional office for capital and interest holidays or increased facilities, so timing of the funding application will be very important.

#### **18. Suppliers**

Discuss delayed or deferred payment with suppliers. This is a good source of funding.

#### **19. Tax Authorities**

Discuss with your accountant/financial adviser a strategy to arrange for the delay or deferment of PAYE, NIC, VAT, Corporation Tax and Income Tax payments. HMRC will be receptive to these applications.

#### **20. Tax Payment Deferral and Change of Accounting Date**

For self employed businesses, consider changing your financial year end to 31 March to relieve the financial losses as early as possible for tax purposes. This is a complex decision which should not be taken without advice from your accountant/financial adviser.

To maximise your cash flow, a claim should be submitted to defer your 31 January and 31<sup>st</sup> July 2021 tax payments. Consult your accountant/financial adviser on the best course of action.

If you trade as a company you should consider immediately stopping drawing a salary as this will reduce the national insurance and PAYE liabilities. The drawings you need to live on can be taken either by withdrawal from your loan account, by dividend or through the creation of a loan account from the company. These actions will considerably reduce the regular outgoings from the business. This is a short term solution and a complex area so you should take further advice from your accountant or financial adviser.

## **21. Detailed Action Plan and Milestones**

Draw up an action plan for the next six months covering the following:

- financial projections for the next six months
- sales target
- marketing strategy and plan
- revenue expenditure budget including staffing strategy
- capital expenditure budget
- personal expenditure budget
- funding strategy and plan
- tax plan

The plan should be reviewed weekly then monthly to confirm that you are on track, and if you are not on target identify what further action(s) you need to take.

It's important that you keep your accountant/financial adviser and your bank manager or funder informed of developments, together with the actions you are taking. This will ensure that they are in a position to help if needed.

## **22. Disaster Recovery Plan - for "next time"**

The last thing you want to think about right now is this happening again, however, there are lots of disasters that can hit your business so every business should have a recovery plan. Disaster Recovery Plans usually cover fire, flood, storm, electricity interruption, computer system failure or data corruption, and other potential disasters such as pandemic flu, foot & mouth disease and other human/animal diseases.

Further guidance is available through [www.cumbriagrowthhub.co.uk](http://www.cumbriagrowthhub.co.uk).

As part of this you will need to regularly check the updated government guidance as the situation progresses. More guidance is available at:

<https://www.gov.uk/government/topical-events/coronavirus-covid-19-uk-government-response>.

### **23. Further Guidance**

Contact Cumbria Business Growth Hub on 0844 257 8450 for advice. Advisers are available, free of charge, to help you implement your immediate recovery plan and a range of specialists are available to help with things like marketing and finance. The Growth Hub will also be able to signpost you to other help.

Your accountant or financial/business adviser will be familiar with your business. It is advisable to work with them and with any other relevant professionals. Funding may be available to support this.

#### **Disclaimer:**

Before taking any action we recommend you contact your accountant or financial or business advisers. Care has been taken in the preparation of this Business Continuity Toolkit but Lamont Pridmore accepts no responsibility for any loss arising to any person as a result of action or inaction based on this information.

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