



Article

Business Continuity and The Pitt Review

The 2007 floods left 50,000 homes and business premises unusable for up to nine months, about 7,000 people had to be rescued by emergency services and 13 people died. Nearly half a million people were left without mains water or electricity.

It was the country's largest peacetime emergency since the Second World War. As a result the government called for a major review and commissioned Sir Michael Pitt to study and report on the lessons learned.

This report¹ of over 500 pages proposes 85 recommendations that all risk managers and business continuity practitioners should study carefully as they affect Financial Services, Utilities operators, all businesses, Planners, Emergency Planners and individuals in respect of their own homes. It also paves the way for further legislation regarding Business Continuity Management.

The current legislation is contained in the Civil Contingencies Act 2004 which defines two categories of organisation; Category 1 responders which are Local Authorities, Government agencies, Emergency Services, NHS Bodies and Category 2 responders which are; Utilities, Transport, Government and The Common Services Agency (in Scotland).

The duty under the Act to have proven and exercised business continuity plans rests only with Category 1 responders at the moment. We might expect that this duty will extend to some in the list of Category 2 responders in due course if the recommendations in the Pitt report are made into law. There is already talk of a Floods and Water Bill with a detailed Government response expected later this year.

¹ <http://www.cabinetoffice.gov.uk/thepittreview.aspx>



The specific recommendation that relates to business continuity is;

RECOMMENDATION 54: The Government should extend the duty to undertake business continuity planning to infrastructure operating Category 2 responders to a standard equivalent to BS25999², and that accountability is ensured through an annual benchmarking exercise within each sector.

Here are ten thoughts for you to review in respect to your own business continuity arrangements in the renewed light and energy from this report;

1. Have you got a resilient business? Check to see how well your business is prepared for an emergency which interrupts your activities. Don't just concentrate on whether you can stay in business but ensure that you can provide the goods and services to those who depend on them during an emergency bearing in mind that not only will you need to keep running but the business needs to respond to a massive increase in demand. So for all businesses, but particularly for Financial Services and Utility organisations, ensure that continuity of service is tested and that you have taken steps to put in place the risk management measures that can stop the emergency becoming a crisis.
2. Public services must ensure that they can operate both an emergency response (to the public at large) at the same time as a business continuity response (maintaining critical services). The two responses are linked but separate. There should be a separate chain of command for each response, separate control resources and a clear communication process between the two.
3. Implement Business Continuity in a frame of mind where it will add value to your business and help your risk management process. For example, when you do your critical business impact analysis, look for improvements to the systems, and consider conducting this alongside Business Process Re-engineering along the lines of the Toyota "Lean" philosophy.³
4. If you appoint consultants to help you implement BCM make sure that they do it "with" you not "to" you. Your organisation must participate in the implementation and "own" the outcomes. That means that it needs to be a top down implementation with support and energy from the highest level.
5. Make sure that you have appropriate levels of business interruption insurance, increase in cost of working cover, and advanced profits insurance if you are growing, expanding or undertaking a major new build or refurbishment.

² BS25999 is the business continuity standard see <http://www.thebci.org/standards.htm>

³ <http://www.bsi.com.au/article.asp?id=320>

6. Exercise your business continuity plans. The standard calls for testing, but it's such a personal event that if you invite people in for a "test" then that seems to insinuate that there will be a pass or fail. Exercises should be fun, educational and pertinent.
7. Make sure that you learn from the exercises, that means getting an independent observer and a scribe so that all assumptions are turned into actions and all actions become SMART⁴ plans.
8. Take things a step at a time. It's worth getting it right first time, so don't rush at it, dedicate resource and time to do it, and don't over complicate it.
9. Communicate, communicate, communicate. Find case studies of your own where things went right (and perhaps did not) and use them to keep selling the process even when you are well down the road. Start a newsletter, set up an intranet and send lots of emails. Don't let things go quiet and always give feedback to those involved at every stage of the process.
- 10 Don't assume that you are just planning for a flood. Your business continuity arrangements should take into account any interruption to business as usual such as any extreme weather, pandemic, major fraud, product recall, or denial of access to your property, staff, or raw materials.

Above all, this is a great opportunity to revitalise your business continuity arrangements or even start them. Wherever you are in the process, use this report to refocus people on the need to ensure that you can respond to a major event. A great response to a business interruption is the best publicity for your business and community even if you are flooded with demand.

Liz Taylor MIRM, FBCI
Partner, Liz Taylor Risk Consulting

www.liztaylorkonsulting.co.uk

⁴ SMART means Specific, Measurable, Achievable, Resourced and Timebound.

