

BOCC Minutes – Tuesday 14th April

**TO: Business & Operational Continuity Committee
Incident Management Communications Group (for info)**

Please find below a summary of Tuesday's (14th April) Business and Operational Resilience Continuity Committee (BOCC) call.

1. **Cash update – Rhiannon Butterfield, UK Finance**

RB advised members that Cash services at UKF have been active on Covid-19 since early February, when UKF started contacting colleagues in countries already affected by restrictions and confinement measures (e.g. Italy) to forecast potential issues awaiting the UK. Weekly calls with members were put in place to ensure prompt sharing of information. In early March, UKF launched phase 1 of the 'Cash Pandemic Playbook', which covers preparatory activities for the potential impact on cash distribution (e.g. alerts on infections through banknotes). In mid-March, phase 2 was rolled out to ensure continuous availability of cash throughout the UK. RB reported that industry was well prepared thanks to stress tests preparing for similar scenarios. Beyond the first couple of weeks of the epidemic, when the UK saw an increase in cash withdrawals, the lockdown has produced a drop in 60 to 70% in cash withdrawals.

UKF has also been in contact with the regulators to ensure clarity on some scenarios which have not materialise. One notable issue is the 'de-cashing' operated by retailers. This is expected to produce a 're-cashing' exercise when restrictions are lifted, which needs anticipating.

Members raised the question of whether cash distribution and usage levels were expected to go back to pre-Covid-19 levels. RB expects this crisis to accelerate the disappearance of cash, including through the de-cashing operated by retailers. A question was raised regarding the use of safe codes for carers to withdraw cash on behalf of others, and whether they would continue past the lockdown. It was raised by UKF that these safe codes had existed before, and will continue to exist after the epidemic.

2. **Update on the significant issues acquirers currently face: Briony Krikorian-Slade, UK Finance**

BKS advised members that the Payments team are working on a number of streams including:

- Ensuring access to payment options in store while protecting customers e.g. raising contactless limit to £45
- Explaining ways for vulnerable consumers to safely delegate payments to volunteers
- Disbursement of HMG funds
- Impact of payments processes on retailers

On impact on retailers, UKF has been working with acquirers:

- Acquirers are seeing unprecedented levels of negative settlement (actual refunds and liabilities exceeding cashflow) across several sectors.

- Acquirers are taking individual actions to mitigate impact for retailers, but ultimately have to take usual risk measures e.g. extending settlement time, requiring additional collateral, etc.
- HMG and acquirers have individually asked UKF to coordinate a proposed voluntary scheme that acquirers can choose to support. Key elements of this proposed scheme are: (i) acquirers agree to treat merchants as if pre-Covid (ii) only merchants who meet eligibility criteria 'but-for Covid viability' test will qualify (iii) Government provide letter of credit so if business fails, Govt takes proportion of liability

The next steps are for UKF to share position paper with HMT tomorrow for further discussion on Thursday; then hold a working level call with HMG deps if they want to pursue. BKS hopes to have more formal position by next week.

3. Communication with the FCA

Members discussed how smaller firms (those without supervisors) communicate with the FCA, and how easy they have found it to engage with the authorities. Some members flagged that they only have the option to contact the FCA through the call-centre (with variable results depending on the FCA operator) or through the notification system which is not relevant in this case.

Others have been directly approached by the Prudential Regulation Authority (PRA), who enquired about firms' ability to cope with current challenges, including on operational resilience, financial resilience, and reliance on outsourcing (e.g. call centres in India). Similar questions have been asked to both big and smaller firms by the FCA. Although communication seems to have been good and positive in general, some members noted a slight push-back from PRA on precise actions undertaken by firms to ensure safety of staff and resilience.

4. SMCR

Members noted the PRA statement advising that processes for annual assessments can be relaxed during the current period, but that the annual assessment nevertheless needs to be completed. Members discussed what relaxation methods other firms might be considering or whether there is any dialogue with the regulators about allowing the certificate to remain in issue for longer than 12 months in the absence of concern. Members cited, passports, DBS statements etc. that cannot be securely presented to HR (in line with GDPR) due to remote working and DBS checks are being delayed in order to prioritise those for emergency response workers (e.g. NHS staff). UKF reported that there had only been limited dialogue with the regulators on specific relaxing measures. ACTION: MEMBERS to look internally at processes of SMCR and how firms are handling the HR aspects of SMCR to report to UKF.

5. PPE

Members noted that it is possible the govt is going to change their advice on the use of masks, following WHO's change of stance this weekend. Members are concerned that this could lead to lack of confidence from staff on the front line if they can't be sourced and supply sustained once sourced.

AR proceeded to provide a high-level summary of members' position, which is that most firms are not providing PPE as standard, although some wholesale and non-banking firms are in very specific circumstances. AR also raised for information that industry members and representatives, including UKF CEO Stephen Jones are to appear in front of a select committee tomorrow (15/04) and are expected to be questioned on the use of PPE by branch staff.

Some members acknowledge the change in direction over masks and are also anticipating a potential demand from both government and staff/unions as well as customers to provide staff with PPE, including in the situation of a lift of restrictions. Members are also worried about the availability of masks, which are obviously delivered in priority to the NHS. On this point, a firm raised that they established their precise requirements for masks in the coming couple of months in current conditions (i.e. number of staff currently coming in + security and facility personnel x 2 months) and are planning on donating any surplus to the NHS. A member raised the potential for a coordination between HMG and the insurance sector over the concern of retaining valid insurance policies if HMG makes PPE mandatory.

ACTION: UKF to keep members updated following tomorrow's select committee, and maintain the PPE issue for next week's agenda.

6. Exit strategy

Members discussed what potential factors firms are considering when assessing their own "exit strategies", including whether firms are conducting any level of internal survey: "What would persuade you that it is safe enough to return to the office?" UKF identified two potential areas of work:

- Policy: regarding the exit for Coronavirus Business Interruption Loans Scheme (CBILS) and other mechanisms (e.g. mortgage holidays)
- Operations: when and how will firms have staff return to work, under which conditions, and what will be the deciding events acting as triggers/factors; i.e. will staff return to work straight after the potential lifting of measures?

Most members are still in the early stages of the planning for an exit strategy, and already acknowledge a number of issues in determining the factors, including the variety of things that will need to be looked into to allow staff to come back safely – e.g. availability of public transport and facilities around the office. When staff return to work in offices, members are expecting to have to consider a range of new measures, with regards to social distancing (ie space management and the reduction/separation of desks, reduction of meeting rooms capacities etc.), and acknowledge the difficult climate in terms of a potential second wave of infections.

ACTION: UKF to set up a working group on exit strategy to put different concerns and outputs on paper. **MEMBERS** to volunteer to participate in the working group.