

16 March 2020

Briefing Note

CECA Member Briefing:

Covid-19: CECA update

Introduction

The Government has announced that the UK is moving out of the 'contain' phase and into 'delay', in response to the ongoing coronavirus outbreak.

Measures announced in the recent Budget (insert here) have been put in place to protect the public and businesses from the short term impact of the virus.

This briefing addresses the longer term needs of CECA members, and builds on [our original guidance](#).

Protecting health

The Government is asking anyone who shows certain symptoms to self-isolate for 7 days, regardless of whether they have travelled to affected areas. This means people should stay at home and avoid all but essential contact with others for 7 days from the point of displaying mild symptoms, to slow the spread of infection.

Further details on Government advice, which is regularly updated, can be found [here](#).

Please read the advice below in the context of Government updates.

The information below is not a substitute for legal advice. It is to act as a guide for business decision making.

Protecting your business

Some companies are already feeling the impacts of Covid-19, via internal restrictions on travel, attending meetings and a minority of cases of staff and worker illness and isolation. This may continue throughout the year, also affecting materials supply and severely restricting human resource.

The steps outlined below, in order of priority, must be considered by all businesses during this period of uncertainty.

- Review all business continuity plans.
- Review staff and worker safety procedures.
- Review management of COVID-19 on a project by project basis.
- Consider options for remote working where possible and assess risks of business travel.
- Engage early with clients, demonstrate a business continuity plan and maintain good relationships to seek solutions to the impact of the pandemic. Do not rely on the Force Majeure clause. Try and negotiate a solution that works for both sides.
- Carefully review commercial contracts to assess rights and obligations in a Force Majeure (act of God) event. If you have a Force Majeure clause this may provide clients the right to terminate a contract after a specified period due to an event beyond control, releasing you from your contractual obligations.
- NEC EEC does not contain a Force Majeure clause. Coronavirus maybe a Compensation Event under Clause 60.1(19) in an unamended NEC contract.
- Assess supply chain risk and discuss realistic delivery schedules with suppliers and maintain close relationships with them.
- Ensure protection measures that sites can still function (stock pile of critical materials – could be something simple like cleaning products).

- Identify business critical internally (eg, payroll and purchase ledger / account) to ensure suppliers and staff/labour continue to be paid.
- Limit or avoid site staff and labour interacting with head offices / regional office.
- Speak to cleaning supply chain to have arrangements in place for deep cleans.
- Review of IT system – can they cope with remote working? Are there any critical roles that cannot function with remote working.
- Use videoconferencing for meetings.
- Review insurance agreements and seek advice as to whether protection exists to supply chain challenges.
- Review cash flow for the coming year and consider new credit facilities to manage any pinch points.
- Consider wider economic impact of COVID-19 to ensure business robustness.
- Plan for long term sourcing of materials.
- Do not sign new contracts without considering impact of COVID-19.

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