

New trends in regulatory activity impacting on the warehousing and logistics sector

Gary Gallen, CEO of specialist litigation and commercial law firm rradar, takes a look at important developments in the law over the last year, reflecting on the increase and escalation of the sector's claims and the consequent hardening of the insurance market, the trends now being seen in regulatory activity and how the legal sector is finding ways to help businesses in the future.

Over the last year, the nation has developed a wider appreciation of the warehousing and distribution sector, which has borne the brunt of the erratic supply and demand of the global coronavirus pandemic. From public panic buying and appeals of 'eat out to help out', to tiered restrictions and another national lockdown, the sector has had to cope and keep going storing and delivering our essential items.

There has been a natural boom in new opportunities as offline organisations have moved online to expand their reach through e-commerce markets.

As a result, there has been an increase in the number of agency and temporary workers needed in the transport and logistics sector to help meet that demand. It is important that all workers and also customers continue to feel confident that appropriate measures are being taken to protect them from COVID-19.

Wider exclusions for claims and increase in excesses

Unsurprisingly, the insurance industry took several significant hits during 2020 and consequently is re-examining the way it delivers insurance cover to all policyholders. It is little wonder that premiums are increasing across the board and wider exclusions for claims as well as a notable increase in excesses will be applied.

With the Supreme Court judgment on Business Interruption insurance looming and revised excess structures within insurance policies already coming into play, it has never been more important to ensure organisations check and unlock any legal benefits within their policies now.

With increasing outbreaks of coronavirus linked to high-risk environments, there are fears that liability-related COVID-19 claims will still materialise for many months to come.

As the pandemic continues and waves of redundancy and insolvency issues continue to affect the nation, so do the

potential instances of directors' and officers' claims, particularly if it is perceived that organisations have failed to prepare and adequately keep on top of the stringent health and safety measures required to appease the regulators and be COVID-secure. Indeed, employment claims have more than doubled since the removal of tribunal fees in 2017.

With fewer people potentially onsite, inspections and maintenance can often be delayed so incidents such as a fire or escape of water could go unnoticed and this can lead to severe damage and an increase in property claims.

That said, rradar has seen clients in the warehousing and distribution sector adapting their businesses to cope with new requirements – such as installing better ventilation systems and fresh air-conditioning, addressing and adhering to social distancing measures, reviewing shift patterns, furloughs, monitoring mental health and wellbeing of staff – the list seems never ending - whilst managing cash flow at a time when organisations are under immense economic pressures.

We have noticed that COVID-19 has also accelerated business pinch points and a rising awareness of the delicate balance and exposure of weaknesses within supply chains.

Reviewing risks to supply chains as e-commerce booms

Many businesses have had to review and assess the risks to their supply chain caused by the disruption of the pandemic and put in place more resilient measures. This has involved some restructuring in critical areas and such moves, if not correctly done, can have negative effects.

The demand for online shopping is at an all-time high and expected to increase over the next few weeks. This has placed increased demands on the supply chain for the sector. HSE inspectors and local authority officers are currently targeting warehouses, distribution centres, transport and logistics centres across the country, to make sure workplaces are COVID-secure



and following the relevant guidance.

With many warehousing businesses including a haulage element, the requirements for operating a fleet of vehicles have changed too. Amongst other health and safety checks, they will also be looking to ensure that businesses have suitable toilet and hand washing facilities for all workers, including visiting drivers.

This can increase operational costs at a time when revenue and staffing levels have fallen.

Increased cyber risk

It is also fair to say that during the pandemic, there has been an exponential growth in reliance on technology, and subsequently cyber risk exposures have been heightened.

There are increasing reports being made to our Cyber, Data and Information Law team of malicious ransomware, virus attacks and compromised data breaches occurring over the last months.

The need to have someone to turn to and trust for advice has never been higher. Many directors simply don't have the time or the experience to handle legal or regulatory issues themselves, particularly when those laws and regulations are changing on a weekly basis.

At rradar, we know business risks and claims can be proactively minimised by expert legal, regulatory and risk management advice and support. Our innovative digital tools help clients better identify, manage and minimise potential issues before they become problems.

During this year we have seen a massive upsurge in demand for the specialist knowledge we can offer across our digital tool platforms. This is why we have teamed up with UKWA to create a more adaptive way to deliver our services, helping provide early intervention advice and better supporting UKWA members before issues become costly legal problems or claims.

rradar's legal teams and in-house software developers are working with UKWA to create an exclusive digital and interactive risk management self-audit tool that will help members evaluate their compliance, quality standards and continuous improvements – and aid risk management within their business.

The development of this unique digital solution aims to help members with their company policies, employee practices, Health and Safety regulatory compliance and property. It will also ensure that UKWA membership standards are met and

highlight any areas for improvement, providing guidance on the necessary actions to be taken.

For 2021, rradar and UKWA are together pooling what has been learned over the pandemic months to better support UKWA members and, by helping improve working practices and procedures, help them do what they do even better.

More information on this exciting new development will be available soon.

About rradar

rradar is a specialist litigation and commercial law firm that uses legal expertise and digital tools to proactively educate, manage, advise and deliver business solutions to reduce legal risk.

We have taken our legal excellence and channelled it into our digital tools, all developed in-house to help businesses easily access the information faster and tackle business risks before they become costly legal problems.

To do this, we have built a strong team of solicitors, legal advisors, IT and in-house developers, design and media specialists, that combined, makes us a powerful advocate and champion for businesses, allowing them to navigate and evolve in an ever changing environment of regulation, compliance and litigation risk.

Affiliated with UKWA, rradar are trusted advisors to many warehouse, transport and logistics organisations, ranging from small owner-managed businesses to large multinational corporates.

With strong connections to a global insurance giant, rradar is an exclusive legal services partner under Management Liability Policies and supports over 60,000 policyholder organisations across the UK, covering the diverse commercial landscape and all industry sectors.

Get to know rradar better at www.rradar.com.



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