Supplier Payment Performance Plan

Commitment to Prompt Payment

The Company is committed to maintaining strong relationships with its suppliers through fair, transparent, and timely payment practices. We recognise the importance of prompt payment in supporting supplier cash flow and ensuring the continued delivery of high-quality goods and services. This Supplier Payment Improvement Plan outlines the key causes of delayed payments, the actions being taken to address them, and the governance arrangements in place to monitor progress.

Current Performance and Key Challenges

Our review of payment performance has identified that invoices paid outside agreed terms are typically associated with invoice queries or validation issues. In most cases, delays occur because an invoice cannot be processed until the underlying issue has been resolved and the invoice is confirmed as valid and undisputed.

The primary causes of delayed payment include:

- Issues relating to the quality or quantity of goods or services delivered.
- Invoices submitted without a valid purchase order number.
- Missing proof of delivery documentation.
- Delays arising from requests for credit notes against invoiced items.
- Incorrect invoice values or VAT treatment, particularly in relation to the Domestic VAT Reverse Charge requirements applicable to construction services.

These issues can result in additional correspondence between suppliers, operational teams and Accounts Payable before payment can be authorised.

Improvement Objectives

Our objective is to improve supplier payment performance by:

- Increasing the percentage of invoices paid within agreed payment terms.
- Reducing the number of invoices that require manual intervention.
- Minimising disputes and invoice queries.
- Improving visibility of invoice status for both suppliers and internal stakeholders.
- Increasing efficiency within the Accounts Payable process.

- Strengthening controls and accuracy across the procure-to-pay cycle.

Improvement Actions

Implementation of a new ERP system

The Group is currently implementing a new ERP system that includes a comprehensive electronic invoicing solution.
The new system will transform the invoice processing cycle by enabling invoices to be submitted electronically, validated and delivered directly into the ERP platform.
This investment forms the cornerstone of our payment improvement strategy and is expected to significantly reduce instances of delayed payment caused by manual processing activities.

Automated Invoice Validation

The ERP solution will introduce automated invoice validation controls. Where an invoice does not meet required validation rules, suppliers will automatically receive notification detailing the reason for rejection.

This process will:

- Provide immediate feedback to suppliers.
- Improve transparency regarding invoice status.
- Reduce delays caused by manual notifications.
- Enable suppliers to amend and resubmit invoices directly.

Importantly, suppliers will be able to correct and resubmit invoices without the need to issue credit notes and submit entirely new invoices, reducing administrative effort for all parties.

Enhanced Purchase Order Compliance

The Group will continue to encourage adherence to purchase order requirements across all procurement activities.
By ensuring valid purchase order numbers are issued and referenced on invoices, the organisation can improve matching accuracy and reduce invoice queries before they arise.

Expected Benefits

The implementation of the ERP solution and associated process improvements will deliver several key benefits.

Improved Efficiency

Reducing manual processing activities will allow Accounts Payable staff to spend more time on value-adding activities, including supplier engagement, query resolution and account reconciliation.

Automated Matching and Reconciliation

The system will deliver automated matching between purchase orders and supplier invoices. This will reduce manual intervention, improve processing accuracy and accelerate invoice approval timelines.

Improved Supplier Experience

Greater visibility and more efficient processing will support on-time payment and reduce the volume of supplier disputes and payment enquiries.

Enhanced Financial Control

Automation will improve data accuracy, strengthen financial controls and provide better visibility of liabilities and payment commitments.

Better Payment Performance

The overall effect of these improvements will be a reduction in invoice processing times and an increase in the number of invoices paid within agreed payment terms.

Payment Process Following Resolution of Queries

Where an invoice is subject to a query, payment will be released as soon as the invoice has been confirmed as valid and undisputed.

Once the query has been resolved:

1. The invoice will be promptly processed by the Accounts Payable team.
2. The invoice will be approved for payment in accordance with established controls.
3. Payment will be included in the next scheduled BACS payment run.

BACS payment runs are processed on a weekly basis, ensuring suppliers are paid promptly following resolution of any outstanding issues.

Supplier Engagement and Support

We recognise that improving payment performance is a shared responsibility between the organisation and its suppliers.

To support timely payment, suppliers are encouraged to:

- Submit invoices promptly after delivery of goods or services.
- Ensure invoices contain valid purchase order references.
- Include all supporting documentation required for processing.
- Confirm VAT treatment is accurate and compliant with applicable legislation.
- Respond promptly to any invoice queries or requests for additional information.

By working collaboratively, both parties can minimise delays and ensure payments are processed efficiently.

Governance, Monitoring and Reporting

The Group has established clear accountability for monitoring supplier payment performance and delivering the improvements outlined in this plan.

Management Oversight

The Accounts Payable Manager is responsible for monitoring day-to-day payment performance and identifying opportunities for improvement.

The Accounts Payable Manager reports directly to the Financial Controller, who oversees payment performance metrics and improvement initiatives.

Performance Monitoring

Key performance indicators (KPIs) relating to supplier payment performance are reviewed on a regular basis, including:

- Percentage of invoices paid within agreed payment terms.
- Percentage of invoices paid within 60 days.
- Number of invoices subject to query.

Executive Review

The Financial Controller provides regular KPI reports to the Finance Director through monthly performance review meetings. These meetings assess progress against payment targets, identify emerging issues and agree corrective actions where required.

This approach ensures independent oversight, accountability and continuous review of payment performance improvement activities.

Continuous Improvement

The Group is committed to continuously improving its supplier payment practices. Through investment in technology, process automation, enhanced controls and regular performance monitoring, we aim to improve payment performance, reduce disputes and strengthen relationships with our suppliers.

We will continue to review the effectiveness of this plan and implement further improvements as our systems, processes and supplier relationships evolve.