

Payment Performance - Action Plan

The primary causes of non-compliance	Invoices not paid within 60 days	Invoices not paid within agreed terms	Actions to address each of the causes	Progress as at 1 June 2020	Status
1. To support smaller members of our supply chain we had previously negotiated payment terms of more than 60 days with c200 of our larger suppliers. These longer payment terms had enabled over 3,100 of smaller members of our supply chain to benefit from shorter payments terms of 30 days or less.	✓		Payment terms have been updated for all suppliers so there are no longer any payment terms beyond 60 days in our systems.	Changes made for all invoices registered after 1 July 2019	Closed
2. The varying frequency of payment runs impacted our ability to pay invoices within terms and within 60 days	✓	✓	We have undertaken a review of the frequency of payments runs and amended as appropriate	Changes to the frequency of payment runs made from 1 July 2019 as required.	Closed
3. Delays in receiving invoices from suppliers, particularly those with very short payment terms of less than 14 days.		✓	Request our supply chain to submit their invoices electronically to reduce the time taken to receive invoices. Send a mailshot to request suppliers to submit invoices electronically where possible.	Latest communication sent at the end of March 2020 to help ensure our supply chain continued to be paid promptly during the COVID 19 lockdown.	Closed
4. Queries or disputes on invoices (e.g. purchase orders missing, price or hire date queries) may delay invoice approval and subsequent processing for payment.	✓	✓	Our websites include details of how to get paid for our supply chain along with our dispute resolution process, this includes what is required to ensure invoices can be paid promptly. To reinforce this message we will send a mailshot to remind our supply chain how to be paid promptly.	Latest communication sent at the end of March 2020 to help ensure our supply chain continued to be paid promptly during the COVID 19 lockdown.	Closed
5. Some of our procure to pay processes include some manual processing which can mean that invoices are processed through the system more slowly.	✓	✓	We are implementing a new ERP system with anticipated roll out in 2020/21	This is currently delivering in line with programme.	In progress
6. Reliance on manual processes may mean that a sudden increase in volumes can slow the processing of invoices	✓	✓	We are undertaking a review of the specific areas where manual processing could slow payment of invoices and setting up processes to deal with variable workload in this area.	We better understand the key drivers of volume related issues within our existing processes and monitor those closely to ensure and take any necessary action to ensure invoices are processed and paid on a timely basis.	In progress
7. A number of our key large suppliers invoice each delivery separately resulting in significant numbers of invoices each month	✓	✓	We are investigating the use of consolidated invoices for a number of key suppliers to improve the invoice processing time	We are currently trialling consolidated invoices with several key suppliers.	In progress
This plan is updated and presented to the VWUK board for approval on a quarterly basis.					