

# Payment Performance Action Plan

September 2020

## 1. Our Response

Story Contracting are committed to paying all suppliers to terms and within 60 days. For example, our payment performance for subcontractors in the last reporting period was 99.51% and exceeded 95% for SMEs. Our average age of payment was 40.5 days.

The payment practice reporting data, however, does not differentiate between SMEs, subcontractors and large businesses. As a result, in the first four six month reporting periods since the introduction of the new reporting requirement our overall percentage has averaged around 93%.

The key reason for not achieving the 95% benchmark was due to slower payments to larger suppliers. Our Finance team has completed a detailed analysis of the reasons for missing the 95% benchmark for these larger companies. The root causes and actions to address the causes have been outlined in the table below.

Primary causes of non-conformance	Actions to address each of the causes
<p>Missing/lost delivery tickets have caused problems with our goods receipting process.</p> <p>This has led to goods not being receipted in our system in a timely manner which has meant the PO, GRN, Invoice 3 -way match not being complete and invoices not paid in a time.</p>	<ul style="list-style-type: none"> <li>• Re-training of our site staff to understand the importance of timely 'GRN-ing' on site.</li> <li>• This will involve process changes in certain parts of our business. Responsibilities will be clarified and reinforced.</li> <li>• Increased reporting and management of GRN-ing on site to identify non-compliance hot spots.</li> </ul>
<p>Processing payments involves significant manual intervention that has impacted on timescales and led to delays.</p>	<ul style="list-style-type: none"> <li>• In October, we are launching a supplier module to our Finance Management System Coins, which will significantly reduce manual entry and speed up invoice matching.</li> </ul>
<p>Disputes and queries require actions and engagement with suppliers and have led to invoices not being matched and ready for payment within 60 days.</p> <p>For example, inaccurate information prevents line matching and creates system holds which prevents/delays payment until invoices are corrected or re-submitted.</p>	<ul style="list-style-type: none"> <li>• Refocused resources to increase supply chain collaboration, prioritise dispute resolution and monitor the quality of submissions.</li> <li>• We are proactively contacting suppliers to advise them of the information we require in order to pay their invoices promptly.</li> <li>• Increased focus on consolidating our supply chain and reduce the number of partners we engage with across our construction sites.</li> </ul>

<p>A small number of suppliers have mutually agreed payment terms of 60 days end of month.</p>	<ul style="list-style-type: none"> <li>• Change outstanding supplier terms to 60 days net.</li> </ul>
<p>Weekly payment runs mean that if Accounts Payable 3-way matches are completed after the payment run has been transmitted then the invoices are not picked up for payment until the subsequent week's payment run which can lead to suppliers being paid beyond 60 days.</p>	<ul style="list-style-type: none"> <li>• Review the data to understand causes and where applicable implement more frequent payment runs.</li> </ul>

Our Finance team has established a monthly reporting routine to monitor progress on improving the:

- Matching shortcomings described above;
- Overall promptness of payments across our supplier base.

We have implemented regular reporting to senior management on payment performance so that unresolved issues are escalated and appropriate action taken to resolve and help to ensure payment is made within 30 days. Progress on our payment performance is reported to our Executive Leadership Team (ELT) on a monthly basis.



Jason Butterworth CEO