VolkerFitzpatrick

Payment Performance - Action Plan

Organisation	**VolkerFitzpatrick Limited**
Company Registration Number	**02387700**
Date of last Payment Practices Reporting Data	**31 December 2025**
% invoices paid within 60 days	**93%**
% invoices not paid within agreed terms	**20%**

The primary causes of non-compliance

We consider the following to be the primary causes of both payment beyond 60 days and/or lack of payment within agreed terms, with suppliers and subcontractors that we trade with:

1. Manual and inefficient internal processes, which can mean that invoices are not always progressed to payment quickly enough

2. Unforeseen fluctuations in business need for ‘on demand’ goods or sub-contract services, which mean existing approved order values need to be uplifted before invoice or certificate can be processed for payment

3. Invoices presented to us for payment which do not contain the right details or lack supporting documentation (e.g. proof of delivery) to enable approval without query, which may further result in the need for partial credit, delaying payment of the original invoice until the credit is received and can be matched.

4. Payment terms applied by and/or agreed with suppliers which are inconsistent with our payment objectives of time to payment, and payment to terms.

Actions that we are undertaking to improve our payment performance	Targeted outcomes
We successfully implemented a new ERP system in the first half of 2024. To embed the significant change from our existing systems and to support our teams, we will continue to review its performance, feedback and observations quarterly to continually improve its effectiveness and to fully realise the benefits it can bring to our payment performance. Addresses primary cause 1 of non-compliant time to payment or payment to terms.	- reduction in the number of manual steps in our process which slow progress of an invoice to payment - improved efficiency of our end-to-end P2P process (single platform, greater transparency of transactions) - availability of more detailed real time information on supplier transactions which will allow us to target inter alia delays in processing certain invoices, and specific suppliers for future payment improvement (e.g. those with less than 50 employees)
We hold regular cross-functional senior management meetings to review our payment performance, trends, reported issues and underlying indicators, and to implement further controls and oversight. Addresses primary causes 1, 2, 3 and 4 of non-compliant time to payment or payment to terms.	- to review recent performance data results and analyse trends - to identify, discuss and action resolutions to current supplier invoice processing issues - to consider and initiate operational and strategic level changes to the way we do business to improve our future payment performance, particularly in respect of those businesses we trade with who have less than 50 employees
Education and continual improvement. We regularly incorporate awareness sessions within our senior management briefings and conferences. We also hold training sessions on both our new ERP system and to raise awareness and understanding within our teams on the payment and approval process. We also engage with our key suppliers, providing guidance and feedback to support their understanding of the requirements and workings of our new EPR system. Addresses primary causes 1 and 3 of non-compliant time to payment and payment to terms.	- raising awareness of the business’s payment objectives and our performance against these objectives. - ensuring our people are suitably trained on our systems and understand the business's procedures and objectives. - identify, discuss and understand any challenges our teams are facing at the front end and debunk any misapprehensions held. - ensuring our supply chain partners are aware of the requirements on them and how they can support us in minimising delays.

We have identified that we have some large suppliers that continue to apply 60-day end of month payment terms to their invoices which is contrary to our maximum payment terms of 60 days. The ERP system defaults to the supplier due dates which results in some of these invoices being paid after 60 days and this has been identified as the main contributing factor to paying invoices after 60 days. We are working with our suppliers to change the due dates on their invoices to 60 days. We review the weekly payment run to ensure that any of these invoices are paid within 60 days rather than by their invoice due date. Addresses primary cause 4 of non-compliant time to payment.	- to prevent any invoices being paid after 60 days if they are approved for payment - as a result of this action for the month of Mar-26 we paid 95% of invoices within 60 days and expect this trend to continue.
We have increased the frequency of our payment runs and are reviewing the impact. Addresses primary cause 1, 2 and 3 of non-compliant time to payment or payment to terms.	- so that approved invoices can be paid more quickly after they are approved
We are reviewing how we can improve our forecasting of business need for 'on demand' goods or subcontract services. Addresses primary cause 2 of non-compliant time to payment or payment to terms.	- to minimise potential delays to payment arising from insufficient order headroom
We have reviewed our internal governance process. Addresses primary cause 4 of non-compliant time to payment or payment to terms.	- to improve controls on payment terms included in subcontracts - to ensure our approval process is streamlined and does not create undue delay
We perform periodic reviews of supplier payment terms. Addresses primary cause 1, 2, 3 and 4 of non-compliant time to payment or payment to terms.	- to ensure we are paying in line with what we have agreed with our partners, and that terms remain consistent with our commitments under the prompt payment code

Regular reporting on progress

Our ongoing payment performance and this Action Plan are presented by the Finance Director to the VolkerFitzpatrick Board and as part of our internal governance reporting to our shareholder on a quarterly basis. This review is undertaken by an internal independent oversight team to check our corporate accounting and provide transparency to ensure regulatory compliance, including compliance with Regulations made under Section 3 of the Small Business, Enterprise and Employment Act 2015 to report on a half-yearly basis on our payment practices, policies and performance. Bi-annually, we then publish these results on the government website and further present the data for review by our corporate auditors as part of our published Annual Accounts.

Approved

Jo Dyne, Finance Director

May 2026

Publication

This plan is available on the VolkerFitzpatrick website at:
[VF Payment performance action plan.pdf]