

PAYMENT PROCESS IMPROVEMENT PLAN	
Company	Costain Limited
Company Registration Number	00610201
Date of last Payment Practices Reporting Data	31/12/2020
% invoices paid within 60 days	91% as per December 2020 report submitted to the PPC
Note: All data is measured against supplier invoice date	

Identification of the primary causes of failure to pay 95% of all supply chain invoices within 60 days;	
<p>Causes of failure to Pay within 60 Days; Default payment terms are 30 days (over 3,600 suppliers), with a limited number of high invoice volume suppliers on 45 days and approximately 500 suppliers on terms below 30 days. Invoice approval processes employing numerous project & office based personnel, varying document volumes and significant levels of invoice queries, including lack of any order number or sent to the incorrect location, can all delay payment.</p>	
Payments process and monitoring	Actions ongoing
Weekly payment runs are generated for each category of supplier and times allowed for payment approvals were shortened in 2020.	
Documents setting out Costain Payments Process and guidance on how to trade with Costain are available on the Supplier section of Costain external website.	Suppliers are requested to provide all invoices and statements electronically to specified email addresses, which improves the process especially in the environment of remote working. While most suppliers are now doing this the remainder are being encouraged to follow this process.
Statement on processing during Covid 19 period added to external website with contact link for suppliers to make enquiries if necessary after contacting their project point of contact.	Ongoing review of this statement.
Payments data is monitored monthly including payment times, payment to terms performance and is analysed by project, departments and size of supplier within the company controlled environment. It is reported to and discussed by the senior finance team and advised to the Board regularly.	Payments data insight is ongoing to identify further areas for improvement within the full process and payment lifecycle. This includes breaking the process into steps and analysing the data around each step to identify particular issues within the whole process.
	Where delays to processing transactions are identified these are investigated and, if appropriate and where possible, additional resources are added to the relevant team to assist in resolving the backlog.
	A review of the full process for requisitions, procurement, receipting and invoice processing is underway with an aim of implementing improvements.
	New technology is being utilised in a limited capacity across a wider number of projects with performance monitored and improvements sought.
	Ongoing meetings held with key high volume suppliers to review efficiency and effectiveness of our receipt and processing of invoices.
	Review and reporting on payments performance of suppliers identified as small and micro within our supply chain is now included as a separate category.

Identification of the primary causes of failure to pay all supply chain invoices within agreed terms;	
<p>Causes of failure to Pay within agreed terms : Invoice approval processes, document volumes and invoice queries, including lack of any order number or sent to incorrect location, can delay payment to terms. Control reconciliation checks to supplier statement of account rely on the timely receipt of statement from the supplier.</p>	
Payments process and monitoring	Actions ongoing
As above	Payments data is analysed including a focus on the payments against terms statistics to identify any areas of particular weakness or underperformance.
	The project to review the procure to pay process will include working to identify where improvements can be made to achieve better performance of payment to terms for supplier invoices.

Approved : MD Hunter, Director, Costain Ltd

Date : 31st March 2021