



PROMPT PAYMENT CODE Action Plan – progress at 17 June 2020

Organisation	Laing O'Rourke
Company registration number	4309402
Date of last payment practices reporting data	October 2019 - March 2020
% invoices paid within 60 days	90%

The primary causes of non-compliance	Actions to address each of the causes	Progress as reported 17 June 2020
1. We have long-standing and mutually beneficial arrangements in place with our SME supply chain. We had previously focused on the importance of paying our SME suppliers, by value rather than volume of invoices.	Remain committed to prioritising payment to our SMEs while reviewing our payment processes against the volume of invoices metric across the different tiers of the supply chain.	<p>We continue to focus on prompt payment to our SME suppliers.</p> <p>We continue to improve the percentage of invoices we pay within 60 days. Our latest PPR submission shows that we have paid 90% of invoices by volume under 60 days, during October 2019 - March 2020 vs 79% during April 2019 - September 2019.</p> <p>We are improving our payments monthly with 94% within 60 days in March 2020.</p>
2. The efficiency of processing payments within our joint venture arrangements, where manual entry can impact on timescales was not being optimised.	Review and refine JV payment processes, locking down our Procure-to-Pay systems to avoid any potential input errors with due dates.	We are in regular contact with JV finance teams, where we discuss payments performance. Efficiencies have been improved through the establishment of automated monthly reports which are sent to us by JV finance. We also manage an email account where individuals across Laing O'Rourke can obtain help in correcting any payments input late on the system with incorrect due dates thus ensuring payments are processed quickly.
3. The speed of invoice matching is not supported in all instances by technology.	Review the use of e-commerce for invoice matching and implement a programme across the supply chain.	The new integrated document management system has proved successful and has improved the procure-to-pay process. We continue to trial the intelligent contract system and are in the process of rolling out a training programme across business units and functions. We are also looking for the first project opportunity to use the system live.
4. Our administrative processes have not been specifically designed to deliver the KPIs we are reporting against.	Review our administration to ensure that our processes and reporting are streamlined.	Senior members continue to review monthly packs and discuss areas for further improvement to payments performance. We plan to provide key highlights in the Laing O'Rourke PLC annual accounts for the financial year ending 31 March 2020.
5. The measure includes queried invoices where, if more than 1 invoice in 20 is queried then the 95% payment target will not be achieved.	Understand the levels of queried invoices that are within our control and establish a detailed action plan with supply chain partners and across our business to reduce the ongoing level of queried invoices.	<p>The problem invoice workbench report is being reviewed regularly and issued to procurement and office management every two weeks.</p> <p>The number of disputed invoices over 90 days at May 2020 was 14% lower versus the same measure at October 2019.</p>
6. The operating model for the construction industry is under pressure with high volumes of complex work being undertaken with extensive risk being borne by the main tier 1 contractors. Tier 1 payments to its supply chain should be considered within the context of other issues within the industry which create pressure on working capital and payment targets. These issues include developing contractual models (such as PFI replacement), modernisation of business models (including investment in off-site), timescales to settle disputed/ final accounts on major contracts (particularly major infrastructure), project bank accounts, availability of bank and other finance, taxation regimes, credit insurance and retention arrangements.	Meet with key government and PPC administration stakeholders to collaboratively address some of these issues as well as build a sustainable payment process and reporting structure that supports all members of the supply chain.	<p>We continue to engage positively with Philip King, interim Small Business Commissioner, sharing the initiatives we developed to improve our payment terms; and which resulted in our reinstatement to the Prompt Payment Code in November 2019.</p> <p>We have been asked by the Federation of Small Businesses to contribute to a report on late payment, sharing the actions we have taken to treat our small suppliers responsibly.</p>

Laing O'Rourke's action plan was submitted to the Prompt Payment Code on 3 May 2019, approved and signed by Stewart McIntyre, Group Finance Director and quarterly updates submitted thereafter.