

VITAL ENERGI UTILITIES LIMITED - PAYMENT PRACTICES ACTION PLAN**INTRODUCTION**

The Cabinet Office published Procurement Policy Note PPN 04/19 "Taking account of a supplier's approach to payment in the procurement of major contracts" on 23rd July 2019. Vital Energi has responded to this by reviewing payment practices in order to ensure we have effective payment systems to ensure reliability of the supply chain. We complete our published payment practice reports via the gov.uk website and we understand we have a gap between our recent performance and the required standards for public sector procurement. This gap is predominantly due to favourable payment terms with two high volume low value long term suppliers based on our historic track record and reputation for being reliable payers. We have drawn up an action plan to ensure that we can improve our payment practices to ensure reliability in the supply chain, whilst also limiting the risk to our business and cashflow.

ACTIONS REQUIRED

In order to reduce the time taken to pay invoices to our supply chain, and to ensure that invoices are paid on time, we will:

1. Introduce consolidated invoicing practices across the business (reducing paper trails and increasing efficiency and prompt payment). This means that our two key suppliers will only issue one invoice per month across all our contracts. We will pay them within agreed terms, and reconcile against goods received notices etc following payment, with corrections in the following month as necessary.
2. Review payment terms with all suppliers to ensure they are fair and appropriate.
3. Reduce payment terms with two key suppliers (Logstor and BSS) from 89 days to 59 days or less.
4. Review this plan every three months to check progress against actions and review as necessary.
5. Complete our returns to the gov.uk website for every six-month reporting period to demonstrate improvements made.

BOARD APPROVAL

This statement has been approved by the Managing Directors, who will review and ensure it is updated twice per year.

**Gary Fielding**Joint Managing Director
Date: September 2020**Ian Whitelock**Joint Managing Director
Date: September 2020