

## Report on payment practices and performance

Company	Southern Water
Reporting period	1 April 2018 – 30 September 2018
Approved by	Will Lambe
Position	CFO
Date	16 October 2018

### Payment statistics

Average time to pay invoices (days)	55
Invoices paid:	
within 30 days	10%
in 31 to 60 days	49%
in 61 days or more	41%
Invoices due but not paid in agreed terms	43%

### Payment terms

Shortest standard payment period	14 days
Longest standard payment period	60 days
Any changes to standard payment terms in period?	None
Maximum contractual payment period	60 days

### Standard payment terms

Southern Water policy is to establish any new contractual arrangement on the basis of 60 day payment terms. However, as part of the regulated negotiated procurement process we will consider the commercial benefit of negotiating shorter payment terms. In addition, as part of our approach to Corporate and Social responsibility we will consider the application of 30 day payment terms for appropriate Small and Medium Enterprises.

### Any other information about payment terms

Southern Water operates a range of payment mechanisms including direct debit, Purchasing Cards and BACS.

Our core system is SAP and we have a three-way match between the purchase order, goods receipt and invoice details. In order to avoid delays in payment Southern Water requests suppliers to:

- Ensure that they have a valid and current purchase order number
- Send all documents and credit notes by email to [SouthernWater@DOL.co.uk](mailto:SouthernWater@DOL.co.uk) in PDF format. If sending more than one invoice in the same email, please provide a separate file attachment for each document
- Only submitting them when goods or services have been delivered
- Not split invoices against multiple purchase orders

If suppliers are unable to utilise email, invoices and credit notes should be sent direct to Accounts Payable, Southern Water, Southern House, Yeoman Road, Worthing BN13 3NX.

We have a small number of 'term-contractors' undertaking construction and infrastructure maintenance work. These contractors issue monthly applications for payment covering a very large number of individual jobs. In accordance with the guidance each of these jobs has been treated as an individual invoice payment even though they are paid on a consolidated invoice.

As a result, the performance statistics reported are significantly influenced by the timing of payment of 79 consolidated invoices which are treated as over 64,000 invoices in the calculations.

The underlying performance of our payments to other suppliers, approximately 23,000 invoices is as follows:

Average time to pay	39 days
Within 30 days	40%
In 30 to 60 days	52%
Over 60 days	8%
Paid beyond terms	16%

#### Dispute resolution process

At Southern Water our aim is to resolve invoice queries or disputes in a timely manner and ensure payments are made at the earliest opportunity. All queries should be addressed in the first instance to [accountspayableBPS@southernwater.co.uk](mailto:accountspayableBPS@southernwater.co.uk)

If the issue cannot be resolved by the accounts payable team, then the matter will be directed to the Purchase Order owner for resolution. Upon resolution of any queries or disputes if the invoice has become due it will be settled on the next payment run.

#### Other payment information

Payment code signed up to (name)	None
e-invoicing available? (includes submission and tracking of invoices)	Only pdf submission by email – No tracking available
Supply chain finance offered?	No
Under its policies, can the business charge to remain on a supplier list?	No
Has the business deducted sums from payments as a charge to remain on a supplier list?	No