

**REPLY BY THE MINISTER OF
THE CULTURE & LEISURE DEPARTMENT
TO A QUESTION ASKED PURSUANT TO RULE 6 OF THE
RULES OF PROCEDURE BY DEPUTY PETER GILLSON**

Question

Please provide a statement in relation to the Policy Council detailing whether as a result of the new SAP system efficiency and management of processes have improved, stayed the same or reduced for each of the functional areas of: estates, finance, procurement, HR management of staff and HR recruitment of staff?

Answer

Estates - Improved

In terms of estates management the recording of costs against assets and the automation of some orders for routine work will, in time, bring benefits to the States including useful management and historical information which will be particularly helpful for providing much needed continuity and more informed decision making.

It is extremely difficult to create a 'one size fits all' solution for an estate as diverse as that of the States of Guernsey and as a result there are some areas of functionality which require improvement. Accommodating variable stage payments for contract work is one such example however effective interim measures are in place until a solution is worked up. The teething problems inevitably result in a greater amount of staff time being temporarily expended however the medium and longer terms benefits and efficiencies are clear.

Procurement - Improved

There have already been efficiency gains in the procurement process with regards to routine and regular payments to suppliers as this is avoiding much duplication of effort when similar transactions are required each month although there are still disproportionate inefficiencies on more complex procurements.

Finance – temporarily reduced but improving

Financial efficiencies have been achieved through the creation of the Hub which resulted in 3.43 posts from an original team of 6.89 being saved. The remaining resources are currently under a great deal of pressure as a considerable amount of their time has been spent, and continues to be spent resolving system and process issues. Regrettably, these issues have resulted in a backlog of work which the Department in partnership with the Hub and others is working hard to overcome.

Some system functionality such as the accruals engine has not been fully achieved resulting in manual accounting practices needing to be temporarily employed.

Business Intelligence (BI) has simplified reporting for the Finance Team. Users found 'Old SAP' difficult for reporting so BI has been a positive step forward and will save time previously spent extracting data from SAP into Excel and re-formatting to make it user-friendly.

HR management of staff - improved

Overall improvement has been seen in logging/monitoring of leave and absences. Sickness management through Bradford Factor reports has been greatly improved as previously these had to be calculated manually.

It is important to recognise that SAP is being used as a tool to assist bringing about a cultural change in respect of the HR management of staff. This change seeks to empower and make line managers more accountable in respect of staff development, performance and accountability. This cultural change will take time to work through but should result in a much more business focussed and efficient workforce.

Work is on-going to make more accessible the full benefits of the system to the entire HR community which will bring further improvements and efficiencies.

HR recruitment of staff

There were difficulties due to delays in system functionality being available after 'go live'. It is therefore too early to accurately assess this area albeit the interim sense is that it is improving business processes.

Summary

The Department has and continues to find it challenging in implementing such a large and fundamental change to working practices and procedures which must be underpinned by a fundamental change to the organisations work cultures. The change is however much needed and essential to efficiently meet the needs of its customers and the standards the public demand. Such a large and significant organisational change takes time to work through and the Department therefore welcomes Treasury & Resources decision to extend the lifetime of the project until the end of 2013.

Question

Would you also explain the methodology used to measure any such change in efficiency?

Answer

Officers have been consulted at Senior and Operational Management levels and within Central Services (specifically, Finance and HR staff) to gauge the experiences of those officers. It is difficult and premature to apply quantifiable service efficiencies in most cases.

Question

As a result of non-payment or late payment of invoices have any suppliers:

*Refused to supply, or
threatened to refuse to supply, or
delayed the supply of goods or services?*

If so how many suppliers?

Answer

The payment and procurement processes are shared between the Department and the Hub. Consequently, the Department does not have a complete understanding or visibility of all the issues which may arise. The following instances are known to have occurred;

Five suppliers have refused to supply the Department on the basis of overdue invoices.

One of these suppliers has advised the Department that it intends to instigate legal proceeding against the States following a failure to pay overdue bills dating back to January 2013. This situation is preventing the purchase of key consumables.

One supplier was on the brink of ceasing to supply goods to Beau Sejour having not been paid for three months.

One key customer service nearly failed due to its support contract being put at risk due to late payment.

The aforementioned must however be taken in context when considering the overall volume of transactions and vendors the Department deals with on a daily basis. The Department has sought to work to understand the causes of late payments which have been due to a variety of reasons some of which are Departmental related, some system related and others a mixture of the two. It is working with the Hub to help avoid future occurrences and supporting it with additional resources in order to help reduce the backlog.

Question

Have at any time since January 2013 any suppliers of goods and services to your department withdrawn credit facilities from the States of Guernsey so goods or services have to be bought on a "cash only" basis? If so, how many suppliers?

Answer

Please refer to the previous answer.

Date of Receipt of the Question: 6th June 2013
Date of Reply: 20th June 2013