

**REPLY BY THE MINISTER OF
THE HEALTH AND SOCIAL SERVICES DEPARTMENT
TO A QUESTION PURSUANT TO RULE 6 OF THE
RULES OF PROCEDURE TO BE ASKED BY DEPUTY P. L. GILLSON**

Question 1

Please provide a statement in relation to your department 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 1

The Department acknowledges that a realistic assessment of the impact of SAP and the Shared Transactions Service Centre ('the HUB') will only be possible once the system has fully bedded in and staff are familiar with how the system operates. At present, this bedding-in process is ongoing, and staff continue to report incidents and anxieties with the new system.

While every effort is made, by both the SAP team and staff at HSSD, to resolve issues as they arise, difficulties continue to be experienced by the Department. There have been serious delays in the recruitment process compared with the previous system. Difficulties have also been encountered with asset management, procurement and financial management processes. These issues affect HSSD's financial position and its ability to deliver services.

Given the decision of the T&R Board and the SAP Project Board to extend the lifetime of the project to the end of 2013 it is unlikely that the Department can make a fair assessment of the impact of the system as sought by your question until early in 2014.

Question 2

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

Answer 2

I understand that overall evaluation of the SAP project, including measurement of efficiency, will be the responsibility of the SAP Project Board and the T&R Board, although all States Departments will contribute to this process. I would therefore refer you to the answer given by the Policy Council for more information.

Question 3

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 3

HSSD is not able to be specific about the number of suppliers that have refused to supply, or threatened to refuse, or delayed the supply of goods or services. It is estimated that in excess of a dozen suppliers may be threatening action of one form or another; however, not all of this is because of problems with SAP. In the majority of cases, these are non-critical and can be resolved with patience; but, in some cases, they have posed a risk to the operation of HSSD's business.

There are a very small number of cases, which are nonetheless very significant, where delayed payment has led to a threat to withdraw services, or a shortage of supplies, which could jeopardise a part of HSSD's work that would have serious implications for patient safety.

Delayed payments have resulted in the loss of prompt payment discounts and have incurred late payment penalties. Many frontline staff are putting a lot of effort into maintaining relationships with suppliers. Managers have also highlighted that administrative staff are named as contacts on invoices, which leads to them being named specifically on notification of court proceedings.

Question 4

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 4

Under the "procure to pay" process, it is not acceptable for the States to pay in cash only.

Given that the most serious issues, relating to HR and to supply of goods and services, may have a serious impact on patient safety and/or on HSSD's financial position, the Department considers it appropriate to outline them here. However, HSSD and SAP staff continue to work closely to monitor and tackle issues as they arise, and HSSD remains committed to the effective implementation of SAP.

Date of Receipt of the Question: 6th June 2013

Date of Reply: 21st June 2013