

**REPLY BY THE MINISTER OF  
THE COMMERCE AND EMPLOYMENT DEPARTMENT  
TO A QUESTION ASKED PURSUANT TO RULE 6 OF THE  
RULES OF PROCEDURE BY DEPUTY P GILLSON**

*1. Please provide a statement in relation to Commerce and Employment 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?*

The Board and staff of Commerce and Employment(C&E) continue to be committed to the implementation of the new SAP across functional areas of estates, finance, procurement and HR.

The complexities involved in delivering this corporate project, which span central processing and department activity, were realised at an early stage. C&E Department was therefore prepared, during this transitional period, for levels of service delivery to be impacted. This aside, the level of impact has been much more challenging and sustained than expected. Working through the continuing challenges continues to be essential to ensure that, ultimately, the States of Guernsey reaps the rewards of this corporate investment.

The Department believes that a realistic assessment of the impact of the new SAP/STSC operation on efficiency and the management of processes, across its functional areas, can only be made once the new system has fully bedded in and a number of practical issues have been ironed out. At Department level we are fostering a culture of collective responsibility. There are still limitations with the functionality of the system and staff and suppliers are still coming fully used to and trained on how the system operates. It would therefore be premature to make a judgement at this time.

Certain aspects of the system are more complex than had been expected, particularly for non-finance staff. A more robust training programme has therefore been necessary and in certain areas the team has identified necessary “fixes” for the bespoke and standardised work which we do. This is all part of a “bedding in” process. It had been hoped that online learning would suffice for many staff but a more hands-on approach with shared learning seminars and formal training has been necessary, as staff and suppliers have worked to adapt to change within the workplace and to adapt to the new system.

At the current time the status at C&E is that an improvement in service delivery has not yet been realised but potential for longer term corporate benefits from the restructuring are already evident. This includes the securitisation and standardisation of processes, quality of data and ultimately more detailed and accurate reporting in the area of financial management.

From a C&E perspective the HR implementation across the system (Department and HUB) has generated a greater workload than anticipated at this early stage. The full benefits of the system have yet to be realised. With regard to HR, it is felt that SAP presents an excellent opportunity for HR processes within and across C&E. It has the functionality to easily produce reports on sickness, staffing, recruitment, appraisals, training and retention which will provide excellent management tools when fully operational.

To summarise:

- 1 Estates – efficiency and management – has stayed the same
- 2 Finance - efficiency and management - currently reduced during transition phase
- 3 Procurement – efficiency and management - currently reduced during transition phase
- 4 HR - efficiency and management - currently reduced during transition phase but seeing noticeable improvement

Different business units have been impacted to varying degrees depending on the nature of the work. The Guernsey Dairy operates as a company in a commercial environment – with considerable procurement and financial accounting requirements. It will therefore be no surprise that this is the area of our mandate that has and continues to be most severely disrupted. The implementation and impacts have been closely monitored by staff, the Dairy Management Board and the Commerce and Employment Board. The team, in collaboration with staff at the “HUB”, have had to work diligently to adapt to new rules and systems as well as payment delay issues to key and valuable suppliers.

It is envisaged that the Department will be in a position to make a fair and accurate assessment of the impact of the system in early 2014.

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

Currently considerable time and effort is being invested in operation and service delivery. The focus continues to be on working through issues that are being experienced and challenges being presented – C&E is still in the new learning and delivering change phase of the project.

The project implementation is not at a stage where management can accurately make a judgement as to whether the project objectives have materialised in terms of quality and robustness of financial and HR reporting whilst maintaining or improving service levels at the same time as creating efficiencies. It is anticipated that there will be a standard corporate benchmarking exercise across the States.

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?*

C&E (outside of the Guernsey Dairy) has one supplier who has delayed the supply of services and another threatening to do so. Due to alerts and high priority being placed on late payments there has been no actual refusal of supply. Operations at Guernsey Dairy, due to the nature of the business, have been more severely disrupted with four suppliers putting Dairy accounts on hold, no accounts have been closed but supply and delivery of goods has been delayed on numerous occasions.

4. *Have at any time since January 2013 any suppliers of goods and services to the Commerce and Employment 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?*

No examples at C&E

**Date of Receipt of the Question:** 6<sup>th</sup> June 2013

**Date of Reply:** 18<sup>th</sup> June 2013