

Introduction

Human Resource (HR) services are at the heart of all organisations. They are the processes and systems set up to look after an organisation's people. They include recruitment of new employees, organising their induction and a range of activities concerned with looking after the welfare of the employee at work, for instance, health and safety and working conditions.

This case study looks at why and how a number of HR activities have recently been centralised at the [Legal Services Commission](#) (the Commission) and the benefits these changes have brought to staff, the public and the organisation.



Legal aid

The Legal Services Commission receives a budget from the government each year. This is used to help over two million people access legal aid in England and Wales. The Commission contracts with solicitors and other legal organisations, such as law centres, to provide legal services in the form of advice and legal help to a large number of people on low incomes.

Legal aid is a system of government funding to enable people who would otherwise not be able to afford legal services to obtain these services.

The Legal Services Commission funds its legal providers, solicitors and advice agencies to:

- advise people on their legal problems (such as coping with debt)
- help people understand their rights and the law
- advise people detained in police stations
- if necessary, represent people in court.

The Commission is currently engaged in a process of reform to ensure that taxpayers receive the best possible value for money by making its internal administration as cost-effective as possible. Achieving this involves moving selected services from regional offices back to the centre. This is part of a big 'push' that is taking place across UK public services including the Department of Work and Pensions and the Prison Service.

The Commission is aiming to achieve value for money by reorganising staffing to use skills more effectively and streamlining systems to provide services more efficiently.

Until recently, each of the 13 regional centres of the Commission had its own Human Resources manager and several advisers. This decentralisation led to the following problems:

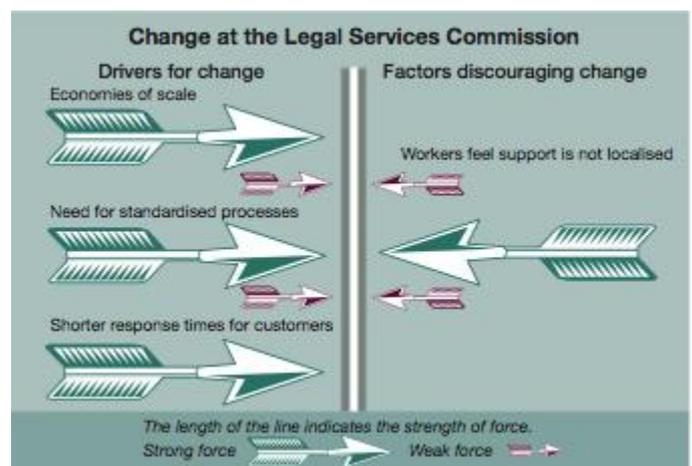
- Inconsistency Human Resources policies were delivered in different ways, in different areas, resulting in different outcomes
- More staff reporting 'unfair practices' for example, some areas allowed variations to the official flexitime policy while others did not.



Reasons for change

In making a case for change it is important to identify the drivers for change. Drivers are those forces which support a change. Change managers should identify these drivers and how important they are. They should also identify factors that support leaving things as they are.

If the drivers exceed the factors that are discouraging change then the change should take place. This



model helps to identify the balance of forces for and against change.

Forces for change

In this example, there are more forces for change than those discouraging change so change would be beneficial. There are a number of drivers encouraging centralisation of some Human Resources services at the Legal Services Commission. These include:

- economies of scale - systems that allow larger volumes of work to be done with the same or fewer resources reduce the unit cost of the work. For example, a group of people handling customer enquiries in one call centre can take more calls and give more standard responses than individuals working in separate offices
- greater efficiency resulting from having standardized processes. All staff know what to do in any situation and all customers receive the same level of service.

Before introducing centralisation for some services, the Commission had more HR staff than the industry-average would suggest for an organisation of its size.

Introducing the changes has enabled the Commission to have a structure more in line with the industry average. In planning to make the change the Legal Services Commission

identified 47 Human Resources policies for which there were no clearly defined processes. The result was that in different areas staff had created their own processes to implement policies. This gave rise to variable outcomes.



Internal and external customers

The Legal Services Commission's external customers are the people seeking legal help. Its internal customers are its own employees who need support and advice. It is important to provide the best possible service for internal as well as external customers. Satisfying internal customer needs will make them able to perform more effectively. The Commission is focusing on providing the best possible HR services for all staff in the right place, at the right time.

Change management

Centralisation involves bringing together key activities in one particular part of an organisation. This might be, for example, at Head Office.

The Commission created a change management team to help introduce the centralisation process. The team worked closely with HR managers. Together they have set up 25 Standard Operating Procedures to replace the previous 47-plus practices. These state clearly how every key process of the HR function should be carried out.

The Commission has also set up a Shared Service Centre (SSC) in London to manage and streamline transactional services. Transactional services in the Human Resources area include the administration elements of recruitment, such as producing adverts, helping to shortlist candidates or sending out invitations to interviews. Everyone who accesses the new Shared Services Centre is now able to get the same high level of service, regardless of their location.

The Commission has been introducing the change in phases. Around 15 people are in this central team and they provide a single point of contact internally for advice and support by e-mail and phone. Every two months, the work of one or two regional offices has been transferred to SSC. The SSC now has responsibility for meeting the HR transactional needs for the entire Legal Services Commission.

A new role has been created the HR Business Partner. This replaces the previous role of HR Manager. The HR Business Partner concentrates on long-term planning e.g. workforce planning.

Workforce planning

Workforce planning considers the staffing needs of the Commission for the present and the future. It looks at how many people will retire or resign over the next few years and how many new recruits will be needed to keep the service operating at peak performance or deliver new business.

In the past there were HR managers based in each of the different regions of the UK. HR Business Partners have a more functional role. This means they take responsibility for specific functional activities across the country. For example, a HR Business Partner may be responsible for managing a particular aspect of policy for several locations.

Benefits of centralisation

There are a number of benefits of centralisation:

- Managers can focus on higher level work related to long-term planning and decision making. Routine procedures are carried out at a more junior level using standardised processes. Managers therefore do not have to spend time on tasks such as form-filling.
- Systems across the organisation are now more consistent. This is more cost-effective and fair for all. This fits with the Commission's drive for lean production within its services i.e. the elimination of waste.
- Employees can carry out some administrative tasks for themselves through a self-service process. They access a simple-to-use online system. They can use this for example to book holiday time or update their personal details.
- The structure of the SSC is designed to be flexible so that it can take on additional work of a transactional nature when required.



Potential drawbacks

However, there are some potential drawbacks to centralisation. For example, Legal Services Commission employees may feel that some services are now at a distance from them. Managers may feel de-motivated by having less personal contact with the people running the system and having less control over the process.

Decentralisation

Decentralisation involves carrying out tasks locally within the individual units of an organisation. Decentralisation also has advantages and disadvantages. The disadvantages of decentralisation may be:

- higher costs of people and time
- poor communications
- the lack of standardisation across the organisation
- loss of control of procedures by the centre.

However, the Legal Services Commission continues to maintain certain HR services within its separate regional offices.

These are services which may require local expertise to respond to local needs. For example:

- The HR Business Partner works with local managers to decide on future recruitment plans in regional offices. Once an agreement has been reached on what the needs are, then the Shared Services Centre can handle the routine aspects, for example, the placing of advertisements for regional jobs and dealing with applications.
- High-level or sensitive HR issues also need to be dealt with by local managers. For example, this might include grievance procedures, where an employee has a complaint about aspects of his/her treatment or

working conditions. Whilst processes for dealing with grievances can be created centrally, individual issues may require the knowledge of the relevant regional officers and the HR Business Partner to find a solution.

- Non-transactional activities continue to be carried out at a local level. These are activities for which central procedures cannot be developed because they are so individual in nature. For example, managing long-term absence where a manager and a HR business partner would need to be aware of individual circumstances and perhaps make a home visit.

Managing the change

Effective communication

When a business or its employees are used to working in a set way, there may be some resistance to change. Good communication and a clear explanation of the reasons for change are therefore essential. Managing change effectively involves putting in place appropriate systems and ways of working that enable people to accept change smoothly.

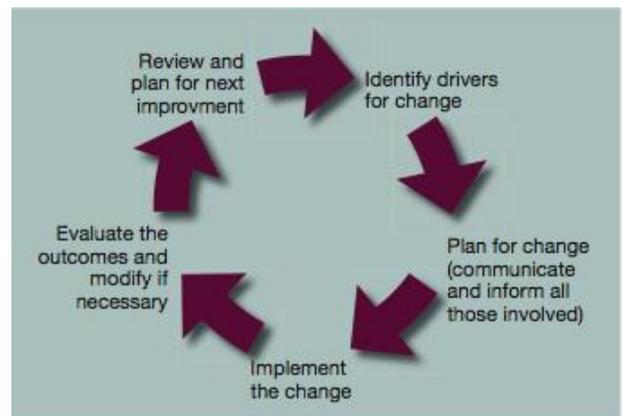
The Commission has strong communication practices. All staff affected or involved in services to be centralised were informed about the proposed changes through the Commission's intranet and team briefings. When the work of a local office is about to be centralised, members of Shared Services visit the office and discuss the changes and explain the benefits. Additional information is provided in literature and online briefings as well as in specialist guides for managers. All staff have been provided with a welcome pack and guide outlining how the new systems work.

Improving organisational culture

The centralisation of shared services has also helped to improve the culture of the organisation. For example, Commission employees can see how the changes have improved their own and the organisation's efficiency. This improves motivation.

As part of the change process, it is important for employees at regional offices to feel that their needs and concerns are being listened to and dealt with. An example of this has been the establishment of standardised response time for queries. These are set out in Service Level Agreements for employees. Everyone knows what the standards are and what service levels look like. For example, all emails have to be dealt with within five days.

The Shared Services Centre is responsible for providing timely support. In this way those working in local offices will be able to feel that their needs and requirements are being listened to and efficiently dealt with by the Centre.



Conclusion

Centralisation has improved working methods at the Legal Services Commission. A key benefit is that all staff now have access to standardised support services so that they receive equal treatment regardless of where they work.

Centralisation has enabled the Commission to reduce costs and provide its internal customers (its employees) with a much more efficient service. It can also provide more cost-effective administration which benefits the taxpayer.

The change process is an ongoing process. The improved quality of service provision and employee experience is being built upon to enhance the work of the Commission in the future.

