



Organisational Re-design: Doing more for less

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*David Ashmore, Divisional Director
London Borough of Lambeth Revenues and Benefits*





The Challenge Facing LB of Lambeth

Michael O'Higgins, the Audit Commission chair talking to the Chief Executives at London's Savoy Hotel challenged Councils to be less risk-averse "to challenge the status quo". He said staff were the prime engine for innovation, citing the transformation of LB of Lambeth's Revenues and Benefits service from special measures to 3 star in just 18 months.

Historically, Lambeth Benefits service was failing its residents by providing a poor and unresponsive Housing Benefit service to its 40,000 customers.

As an inner London borough, Lambeth, although not unique, does inhabit a different landscape to many other central London boroughs, with 1 in 3 Lambeth households receiving financial assistance.

The council was failing to provide the most fundamental requirements to its citizens, quite simply a roof above their heads and the bailiff from the door.

A Transformation Project was commissioned by LB of Lambeth to analyse the root cause of service failure. The analysis revealed:

- Infrastructure was not 'fit for purpose'
- 50% of organisation was in a 'support/crisis' role
- 40% ratio of temporary staff
- Policies and procedures not sufficiently customer focused

Lambeth recognised that all this needed to change and put in place a Transformation delivery programme that has enabled the Council, year on year to make significant progress and improvements to the service.

Over time the service was starting to deliver improved service provision, this was endorsed by a visit from the DWP to recognise the step change improvements that had been realised.

Lambeth was in a position where it could start to develop innovative solutions in line with best practice that would contribute to ongoing improved performance outcomes.

As part of the ongoing Transformation Programme, an Organisational Change project was initiated. The aim of this project was to re-define core responsibility within the services, develop a performance management culture, build capacity within the service and achieve sustainability.

The Approach

Indigo Edge (IE) was commissioned to undertake design analysis, develop the business case and support the implementation of a new organisational structure within the Revenues and Benefits service.

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The redesign was completed in two phases. The first phase was focused on the redesign of the **Housing Benefits Service**. Through a bid process, Indigo Edge was asked to return to support Lambeth through Phase 2 of the project.

The second phase involved the organisational redesign of the **Revenues and Benefits Support Services**, covering Finance, Control and Information Services. The objective was to enhance and build on what was already a good Support Service to build capacity and deliver better value for money.

"Out of the three bids that were submitted, Indigo Edge were not only value for money but their proposal was less intrusive to the organisation, focused more on working in collaboration with staff and managers to get the right result".
Patricia Anamoah, Head of Business & Financial Shared Services



Indigo Edge conducted a detailed analysis of data including volumes and throughput of work by each team from a number of systems within the Housing Benefits and Support Services organisation to enable calculation of staff requirements. At each phase, they developed a comprehensive organisational cost/benefit model, enabling Lambeth to have clear visibility and a baseline for their current service delivery.

Advice and guidance was also provided in terms of industry knowledge and a comparative analysis with other Local Authorities of similar case load was conducted to aid in defining the most suitable structural operational model for Lambeth. This was validated at each step of the way with managers and staff. Where ever possible the design of the organisation was “future proofed” to enable the optimisation of new initiatives within the Revenues and Benefits environment. Indigo Edge were also able to quickly adjust and adapt to changes in the scope of the project through the use of their methodology which is not prescriptive and allows for flexibility to be built in when required.

“The project required sensitivity, Indigo Edge were integral to this, consulting and including staff in the process to ensure staff felt involved and were very hands-on in helping us to make the changes necessary to support the new organisation”.

David Ashmore, Divisional Director

The new structure was aligned and developed to support new processes and new ways of working that were being implemented as part of the Transformation Programme. This helped to provide both efficiency savings and aid in building capacity within the service. The recommendations and changes were detailed in a comprehensive report which was used as a “blue print” within the organisation to implement the changes.

“Even though I had not worked with Indigo Edge I knew from the outset that they brought with them a wealth of experience in this area. They are a catalyst for change”,
Tim Hillman-Brown, Head of Benefits

The Outcome:

Phase One: Housing Benefits Organisational Re-design

The key measure of success has been the realisation of year on year efficiency savings in excess of £1.5 million. This has been achieved through:

- A reduction in temporary staff from 40% to 12%
- Appointment of 40 new permanent employees (24 trainees)
- A new and streamlined senior management team in place
- National reputation significantly enhanced
- Resource utilisation improved

A number of softer benefits have also been achieved:

- Improved staff satisfaction including career progression within a well defined structure.
- Customer centric culture and improved customer satisfaction through changes in dealing with customers in the front office through specialist Housing Benefit service.

“It is not just about the financial savings, from these organisational changes, staff now have clarity of roles and expectations. A recent survey showed that they are now the most contented staff within the Council”

Tim Hillman-Brown, Head of Benefits

Lambeth has also been nationally recognised for its achievements in Benefits transformation including:

- Quality of Service and Innovation award at the prestigious Local Government Chronicle (LGC) Finance Awards 2008.
- Shortlisted for the IRRV 2009 awards for “Excellence in Customer Services”



Phase Two: Revenues and Benefits Support Services Re-design

The objective of re-design of the Revenues and Benefits Support Services was to deliver better value for money to aid in meeting Lambeth's efficiency targets. It was also about enhancing financial controls and capacity within ICT and to ensure support services were more streamlined and fit for purpose. This has been achieved through realisation of a further £0.25million in savings year on year, through a reduction in the support service function from 50% to 25%. Processes are now more streamlined and resources are better utilised through:

- An improved and simplified organisation structure that has improved day-to-day management and co-ordination, adding clear value to the service
- Reduced overlap in functions and improved sharing of information
- Alignment and consolidation of support functions that will provide the ability to focus on two key objectives – maintaining financial control and maximising the potential in technology

“Indigo Edge took on this different discipline very quickly looking at the whole of the Support Services, making the most out of any efficiency savings that could be achieved, whilst also bringing the support services up to date in terms of the way we operate”.
Patricia Anamoah, Head of Business and Financial Shared Services.

Summary

The key objective for the organisational re-design project was to build on the changes within Lambeth's Revenues and Benefits service. To ensure that the appropriate level of resources were effectively aligned to deliver and support the day-to-day needs of the customer and the service, whilst also delivering value for money services.

“Indigo Edge have strong values that underline everything that they do and this is what makes them different from other organisations”.

David Ashmore, Divisional Director

The valuable work that Indigo Edge delivered and the effort that was put into working with staff and managers to drive through the change was critical in enabling these objectives to be met.

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