



Comparative and trend-based information in relation to Willoughby City Council’s workforce efficiency in recent years

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Executive summary

This document has been prepared to support Council's Special Rate Variation (SV) application to the Independent Pricing and Regulatory Tribunal (IPART).

It seeks to answer Question 7.4 in the IPART SV Form B, namely "How has the council's level of productivity and efficiency changed over time and compared to similar councils".

This document chooses a time period from 2014/15 onwards for this analysis, as this time period captures changes which flow from Willoughby's major organisational review which took place in 2015/16. This review led to a reduction in the number of Directors and Managers and resulted in savings of \$2.0m per annum without a change in service standards.

The document draws on data either available from Office of Local Government comparative information (latest data available from 2021/22) or the financial statements of individual councils (latest data available from 2022/23).

When comparisons are made, the document compares Willoughby's data with those of the seven surrounding councils in the Northern Sydney Regional Organisation of Councils (NSROC). A comparison with other metropolitan councils has not been undertaken given the substantial changes to metropolitan council boundaries since 2014/15.

This document finds that, since 2014/15, Council's workforce efficiency improvement has been in line with, or exceeded, similar trends among NSROC councils.

It bases this finding on the following facts:

- Council's overall number of full-time equivalent (FTE) staff has decreased by 7.09% from 2014/15 to 2021/22, which was a greater decline than across NSROC
- The number of residents serviced by each FTE staff member has increased by 10.11%, which is in line with the NSROC trend in the same time period
- Council's percentage of employee costs as a percentage of operating expenditure has decreased by 10.83%, which is in line with the NSROC trend
- Council's average cost per employee has increased, but at a level well below the average of NSROC councils.
- The overall cost of Council's agency contractor and consultancy expenses have remained stable since 2017/18

Full-time equivalent staff numbers

Office of Local Government (OLG) comparative information data ¹ has been used to compare changes in Willoughby's full-time equivalent (FTE) staff to councils within the Northern Sydney Regional Organisation of Councils (NSROC).

A comparison based on annual report information has been avoided, given that councils tend to report on their staffing numbers in different ways in annual reports.

Between 2014/15 and 2021/22 (the last year that comparative information is available), Willoughby's number of FTE staff has decreased from 395 to 367, a 7.09% decline.

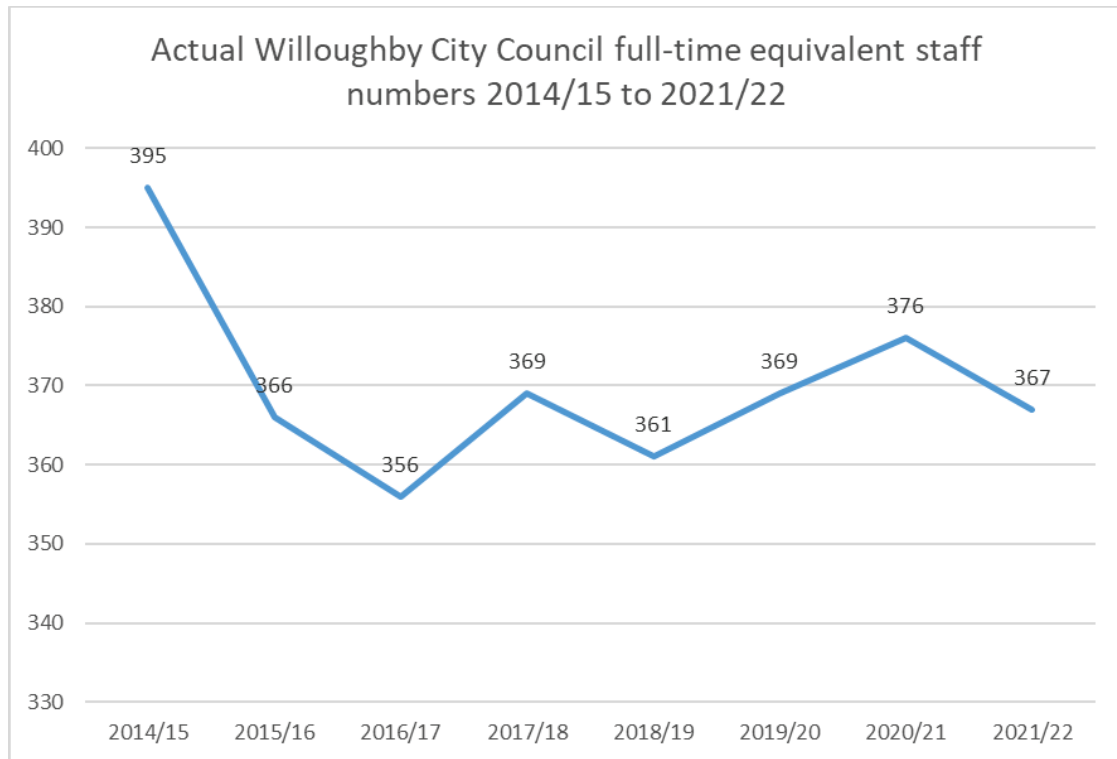
The most significant change in Council's FTE staff happened across 2015/16 and 2016/17, during which FTE staff reduced from 395 to 356. This followed Council's organisational review which commenced in 2015/16. This review led to a reduction in the number of Directors and Managers and resulted in savings of \$2.0m per annum without a change in service standards.

There was a further decline in 2021/22, when Council had difficulty recruitment for roles during a tight labour market immediately following the COVID-19 period. During this year, Council also took the opportunity to achieve a reduction of \$1.2m in employee leave provisions and a corresponding \$400,000 reduction in employee leave entitlement expenses through a targeted leave reduction program

Despite this overall staff reduction from 2014/15 to 2021/22, overall community satisfaction with Council's work remained high. Council's Community Perception Research, carried out in November 2022, found that overall satisfaction with council stood at 95 per cent in 2022, a slight fall from 96 per cent in 2020. This satisfaction level is well above the 89 per cent overall satisfaction level recorded by Micromex for 11 comparable metropolitan LGAs.

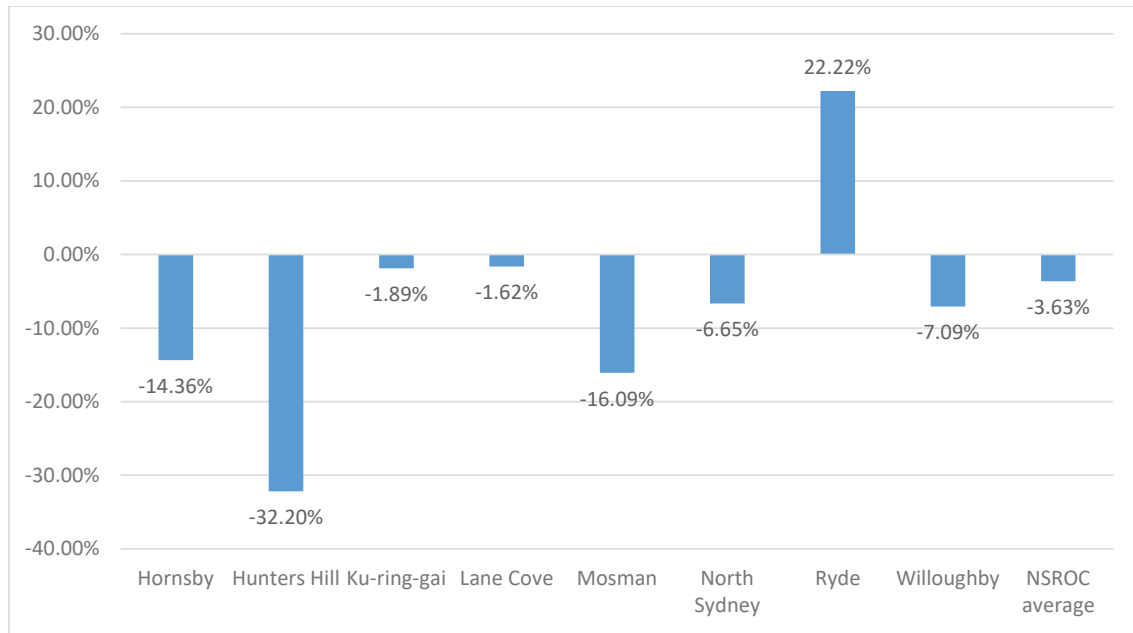
¹ Accessed from <https://www.olg.nsw.gov.au/public/about-councils/comparative-council-information/your-council-report/>

Figure 1 – Actual Willoughby City Council full-time equivalent (FTE) staff numbers 2014/15 to 2021/22



Across all NSROC councils, the average number of FTE staff fell from 330 in 2014/15 to 318 in 2021/22, a decline of 3.63%. Given this, Willoughby's FTE staff decrease of 7.09% was greater than that of the NSROC average.

Figure 2 – Percentage change in full-time equivalent staff among member councils of Northern Sydney Regional Organisation of Councils between 2014/15 and 2021/22 ²



² Note that Hornsby's overall FTE staff may have been impacted by boundary adjustment with Parramatta

Number of residents for full-time equivalent staff

The OLG comparative data also outlines the number of residents for each FTE staff member for councils across NSW.

Between 2014/15 to 2021/22, Willoughby's resident to FTE staff member ratio increased from 188 to 207, which is a 10.11% increase. This means that each staff member in 2021/22 was servicing a greater number of residents compared to 2014/15, which is an indicator of improved efficiency.

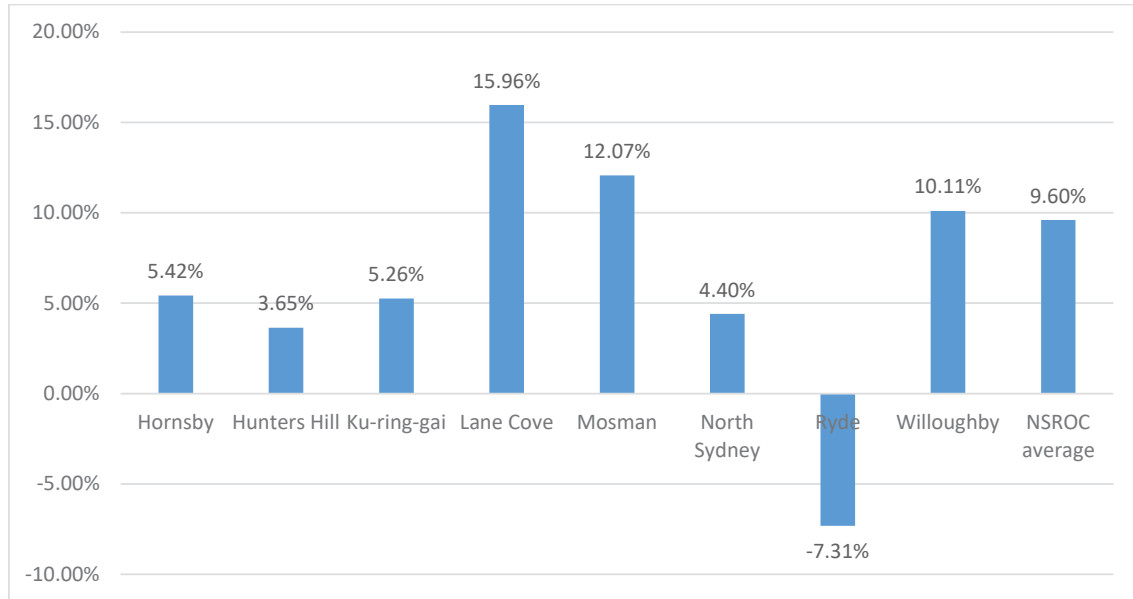
This compares to an average increase from 228 to 250 for the same ratio and time period for NSROC, a percentage increase of 9.6%.

This shows that Willoughby's resident to FTE staff ratio has largely stayed in line with the situation among its surrounding councils from 2014/15 to 2021/22, which again is an indicator of efficiency.

Figure 3 – Change in population to staff ratios among member councils of Northern Sydney Regional Organisation of Councils between 2014/15 and 2021/22

Council	Population to staff ratio	
	2014/15	2021/22
Hornsby	295	311
Hunters Hill	249	340
Ku-ring-gai	285	300
Lane Cove	188	218
Mosman	174	195
North Sydney	182	190
Ryde	260	241
Willoughby	188	207
NSROC average	228	250

Figure 4 – Percentage change in number of residents for each full-time staff member among member councils of Northern Sydney Regional Organisation of Councils between 2014/15 and 2021/22



Percentage of operating expenditure used for employee costs

These figures were calculated from the information provided in council financial statements.

Between 2014/15 and 2022/23, Willoughby's percentage of employee costs as a percentage of operating expenditure has decreased from 41.29% to 36.82%, a decrease of 10.83%.

Over the same period, the average equivalent percentage for NSROC councils has decreased from 39.09% to 35.13%, a decrease of 10.13%.

This shows that Willoughby's trend in this area has been in line with the NSROC trend.

Figure 5 – Employee costs as a percentage of operating expenditure across NSROC councils (2014/15 and 2022/23)

Council	Employee costs as a percentage of operating expenditure	
	2014/15	2022/23
Hornsby	39.59%	34.08%
Hunters Hill	35.99%	29.23%
Ku-ring-gai	32.63%	31.99%
Lane Cove	39.62%	36.18%
Mosman	39.75%	37.64%
North Sydney	41.39%	36.09%
Ryde	42.49%	39.03%
Willoughby	41.29%	36.82%
NSROC average percentage	39.09%	35.13%

Average cost per employee

These figures were calculated by dividing the employee costs in council financial statements, compared to the number of FTE staff outlined in the OLG comparative data.

Willoughby's average cost per employee has increased from \$102,630 in 2014/15 to \$118,286 in 2021/22, an increase of 15.25%.

Over the same period, the average cost per employee for all NSROC councils increased from \$92,520 in 2014/15 to \$112,933, an increase of 22.06%.

This is an indication that Willoughby has been able to contain the percentage growth in average cost per employee at a level less than surrounding councils, which is an indicator of efficiency.

Council was not able to include 2022/23 data in this analysis as some councils did not include staff numbers for 2022/23 in their financial statements, and because OLG data has not been produced for this year.

Figure 6 – Average cost per employee across NSROC councils (2014/15 and 2021/22)

Council	Average cost per employee	
	2014/15	2021/22
Hornsby	\$83,580	\$98,777
Hunters Hill	\$89,237	\$135,250
Ku-ring-gai	\$85,205	\$106,519
Lane Cove	\$99,207	\$104,368
Mosman	\$91,523	\$111,788
North Sydney	\$99,120	\$118,964
Ryde	\$89,655	\$109,514
Willoughby	\$102,630	\$118,286
NSROC average	\$92,520	\$112,933

Contractor and consultancy costs

Willoughby City Council's agency contractor and consultancy costs have remained relatively stable since 2017/18, following an increase in costs between 2014/15 and 2016/17.

Council particularly sought to challenge and reduce unnecessary consultancy costs concurrently as its revenue declined by \$20.6m as a result of, and during, the COVID-19 period (2019/20 to 2021/22). This discipline has assisted Council's consultancy costs staying relatively low in 2022/23.

A comparison with other NSROC councils is not possible, given the inconsistent approach to reporting on this issue in financial statements.

Figure 7 – Willoughby City Council agency contractor and consultancy costs (\$000s) 2014/15 to 2022/23

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agency contractor costs	854	965	1,455	2,069	2,274	2,278	1,925	2,197	2,726
Consultant costs	1,408	2,172	2,035	2,100	1,734	1,260	1,700	1,143	1,237
Total	2,262	3,137	3,490	4,169	4,008	3,538	3,625	3,340	3,963

