

10.1. Organisation Structure

AUTHOR: Therese Manns, General Manager

ATTACHMENTS: Nil

PURPOSE:

The purpose of this report is to facilitate Councils review of the organisational structure in accordance with the Section 333 of the *Local Government Act 1993*.

EXECUTIVE SUMMARY:

A review of Council's organisational structure following an election is a best practice to ensure the structure aligns to the future direction of Council. It is also a legislative requirement to undertake this review within 12 months of an election.

Section 322 of the Local Government Act (the Act) provides:

- (1) A council must, after consulting the general manager, determine the following –
- The senior staff positions within the organisation structure of the council
 - The roles and reporting lines of holders of senior staff positions,
 - The resources to be allocated towards employment of staff

It is important that the organisational structure is designed in a way that enables delivery of Council's strategic direction while also supporting operational objectives.

The current structure of Council includes six senior staff reporting to the General Manager. The functions of each senior staff member are as follows in diagram 1.

Diagram 1 – current structure.

Open Space & Environment	Engineering & Property Services	City Strategy	Community & Library Services	Corporate Services	Executive Manager Governance
<ul style="list-style-type: none">• Environmental Services• Landscape Planning & Design• North Sydney Oval• North Sydney Olympic Pool• Parks & Reserves	<ul style="list-style-type: none">• Asset Management• Engineering Infrastructure• Project Management• Property Assets• Traffic & Transport• Works Engineering	<ul style="list-style-type: none">• Administrative Services• Development Assessment• Environment and Building Compliance• Strategic Planning• Ranger & Parking Services	<ul style="list-style-type: none">• Community Development• Library Services	<ul style="list-style-type: none">• Communication & Events• Contracts Management• Customer Service & Records Management• Financial Services• People & Culture• Information Technology• Procurement	<ul style="list-style-type: none">• Council and Committee Services• Corporate Planning and Engagement• Legal Services• Risk Management/WHs

The organisation structure has evolved organically over time. Through a review of strategy, decision-making, leadership frameworks and staff engagement surveys it has been determined that there would be benefit in streamlining the executive level structure.

It is recommended that Council reduce the current number of senior staffing positions to three (3). A three-directorate structure is not uncommon in local government organisations

of similar size to North Sydney, with most consisting of three (3) to four (4) directorates. Council’s strategic framework, culture and relevant operational structures require improvement prior to considering a fourth directorate.

Under the structure, the three Director level positions would include: Director of Community and Planning, Director City Services and Assets and a Director of Corporate Services. The reporting lines for these positions would be to the General Manager. Overall organisational development would be a function of the General Manager.

The functions of each senior staff member would be as per Diagram 2.

Diagram 2 – proposed structure.



This review relates to the high-level senior structure of Council. Organisational structure review below senior staffing level is undertaken by the General Manager in consultation with staff and should be considered an operational workforce function on a regular basis. Where functions move between directorates, this would be reported to Council.

FINANCIAL IMPLICATIONS:

Upon review of savings in employment costs to date, it is anticipated that the costs related to change in structure can be funded from current employee cost budgets.

It is not anticipated that there will be ongoing savings as a result of this structural change due to the need for additional positions within the structure under the senior executive level.

The net present value of the change in structure over a ten-year period is estimated at around \$8 million. The value is expected to be translated through improved strategy development and delivery of services.

RECOMMENDATION:

1.THAT Council endorse for consultation with staff, a change in structure resulting in the reduction of senior staff from six (6) to three (3) with functions in accordance with Diagram 2 within the report.

LINK TO COMMUNITY STRATEGIC PLAN

The relationship with the Community Strategic Plan is as follows:

5. Our Civic Leadership

5.1 Lead North Sydney's strategic direction

BACKGROUND

A review of Councils organisational structure following an election is a best practice to ensure the structure aligns to the future direction of Council. It is also a legislative requirement to undertake this review within 12 months of an election.

Section 322 of the *Local Government Act 1993* (the Act) provides:

- (2) A council must, after consulting the general manager, determine the following –*
- a. The senior staff positions within the organisation structure of the council*
 - b. The roles and reporting lines of holders of senior staff positions,*
 - c. The resources to be allocated towards employment of staff*

CONSULTATION REQUIREMENTS

Consultation with all staff will be undertaken in accordance with the Local Government (State) Award 2020 prior to a final decision being made by Council resulting in the adoption of a new structure.

DETAIL

There are several key contributors to the development of a high performing workforce. Organisational structure is one. The benefits of a well-designed organisational structure include:

- Streamlined decision-making.
- Encouragement of innovation, by limiting the number of channels/layers through which an idea must progress.
- Enhanced accountability by removing duplication.
- Improved communications by having clear channels for receiving and relaying corporate messaging.
- Maximising resources by ensuring that tasks are performed at the most appropriate levels and work is not duplicated
- Alignment of resources with organisational objectives.

As of 30 June 2022, Council reported 365 full time equivalent employees. The total expenditure relating to employee benefits and on costs totalled \$42M or 35.5% of total

operational expenditure, down from a budget of \$46M due in part to a high staff turnover and vacant positions.

Councils current organisational structure consists of six (6) senior staffing positions reporting to the General Manager. These positions include Executive Manager Governance and five Directors, being the Director Corporate Services, Director Community and Library Services, Director Open Space & Environment, Director City Strategy, Director Engineering and Property Services. This is an unusually large number of senior staff in comparison to NSW Councils broadly. For those Councils of similar size to North Sydney, the number of Directors range between 3 and 4.

Senior staff are accountable for strategic leadership including the development and implementation of Councils strategic plans and operational frameworks at the highest level. Where an organisation has too many senior staff, it is likely the activities and tasks being undertaken are more operational in nature and not commensurate with the senior staff overhead thereby creating resource inefficiencies.

While North Sydney Council has achieved considerable outcomes for the community within its existing strategic framework and organisational structure, it is clear there is an opportunity to enhance outcomes.

This report recommends reducing the number of senior staff and directorates to three (3). Under a streamlined structure, the roles and responsibilities of senior staff will be focused on:

1. the facilitation of an integrated and informed suite of strategies that provide **clear direction** for the organisation;
2. the development of structures, systems, technology and skills/qualities to ensure a **high performing culture** and consequently **community satisfaction**;
3. organisational **leadership** that ensures North Sydney Council is an employer of choice;
4. Contributing to overall **industry and sector strategy**.

By focusing on the above, Council will be best placed to anticipate and respond to changing needs of the community and emerging trends in the external environment to the benefit of the North Sydney community.