

Results of the Shared Service Study

Toronto Public Library Board

Reference Library, 789 Yonge St.

September 23, 2013

Council Approval

- The Shared Services Study was before Council at its meeting of June 11-13, 2013. Council unanimously adopted all of the City Manager's recommendations.

Scope of Shared Services Study

- Eight functions were examined including human resources/labour relations, information technology, insurance and risk management, internal audit, legal services, purchasing and materials management, records management and real estate.
- The City's six largest agencies were included: Exhibition Place, Toronto Parking Authority, Toronto Police Service, Toronto Public Health, Toronto Public Library, and Toronto Transit Commission.

Current Shared Services

- KPMG confirmed City agencies are already sharing services.
- For the Toronto Public Library, this includes:
 - Legal services
 - Purchasing services
 - Insurance and Risk Management
 - Real Estate Services
- KPMG suggested improvements to current shared service arrangements through formal governance structures and better service level agreements.

KPMG Opportunities Relevant to TPL

The City Manager's report recommended 11 KPMG opportunities as relevant to the Toronto Public Library:

- Implement 5 opportunities in the short term
- Undertake further due diligence and planning for 6 opportunities
- These 11 opportunities focus on the areas of human resources, information technology, internal audit, and procurement

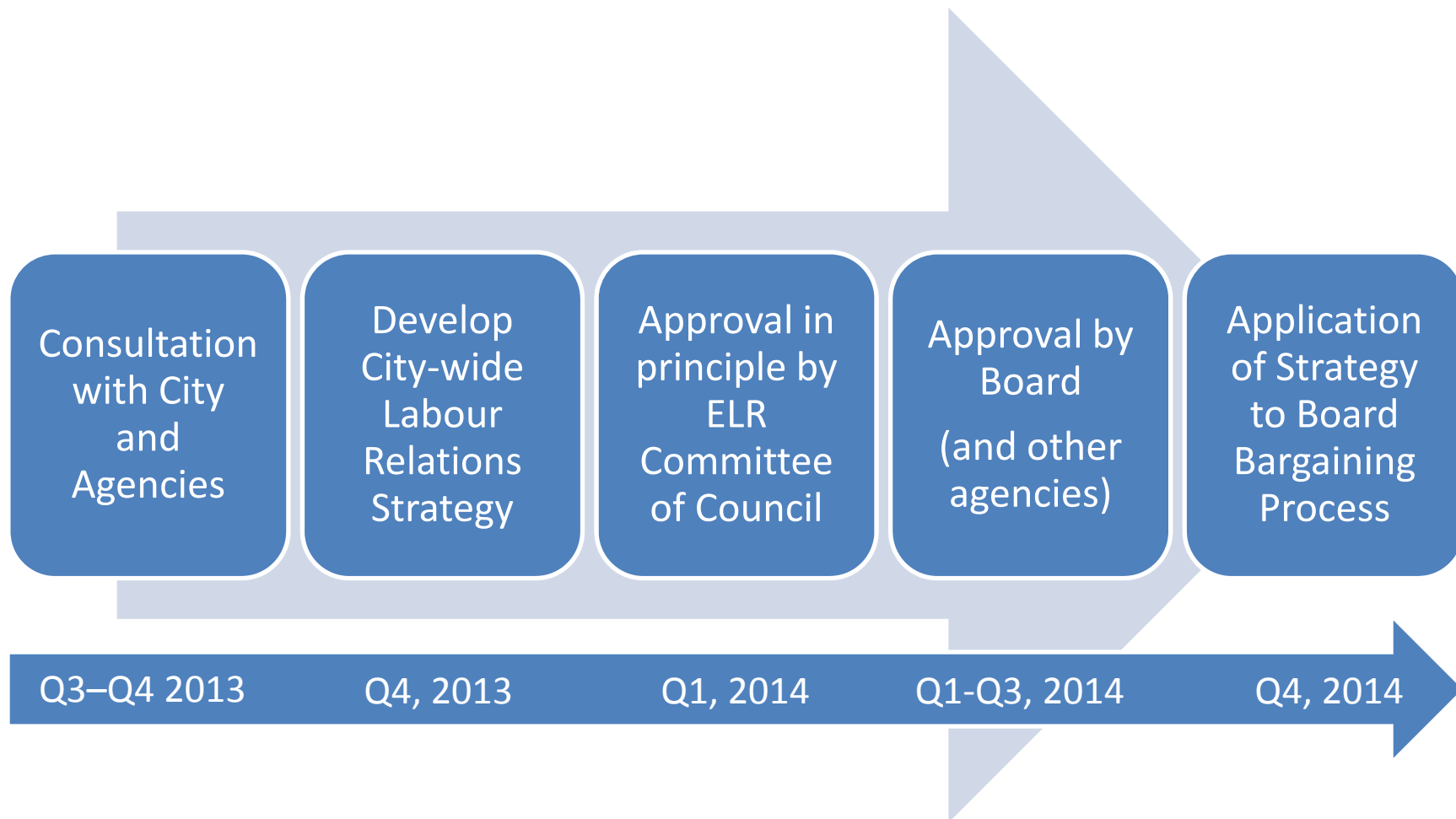
Implement in the Short Term

1. Develop a City-wide labour relations strategy
2. Share common training functions
3. Coordinate generic health and safety
4. Expand the use of the City's Internal Audit Division
5. Offer City's online application to automate FOI requests

City-wide Labour Relations Strategy

- In consultation with agencies, the City will develop a City-wide labour relations and collective bargaining strategy.
- The strategy will be approved in principle by the City's Employee and Labour Relations Committee.
- Library Board authority over collective bargaining will not be compromised by the strategy. Board approval is required for the strategy to govern related bargaining activities of Board and Library staff.

City-wide Labour Relations Strategy



Undertake Further Due Diligence and Planning

1. Share payroll and benefits administration
2. Standardize HR information systems
3. Share common information technology infrastructure
4. Rationalize information technology applications
5. Share procurement of common goods and services
6. Transition to digital records

Broad Transformational Directions

- The six (6) opportunities identified for the longer term require further due diligence and planning.
- These are broad transformational directions that require business process re-engineering, organizational change and information technology investment.
- A value proposition analysis will be undertaken for each opportunity to evaluate financial savings, service benefits, resource reallocations, and any other benefits over drawbacks, limitations and risks.

Common IT Infrastructure

- Share the provision of common IT infrastructure for the City and agencies.
- Focus on data centre, infrastructure management and storage services.
- Implementation planning will consider and accommodate security, privacy and legislative requirements.

Procurement of Common Goods and Services

- Category management and strategic sourcing approach to procurement. Requires consolidation of common spending on commodities.
- The City and the Library have already consolidated common spending on some commodities such as gas, some vehicle parts and birks watches and can do more.
- This approach will not replace existing consortium approaches for library-specific commodities, if any.

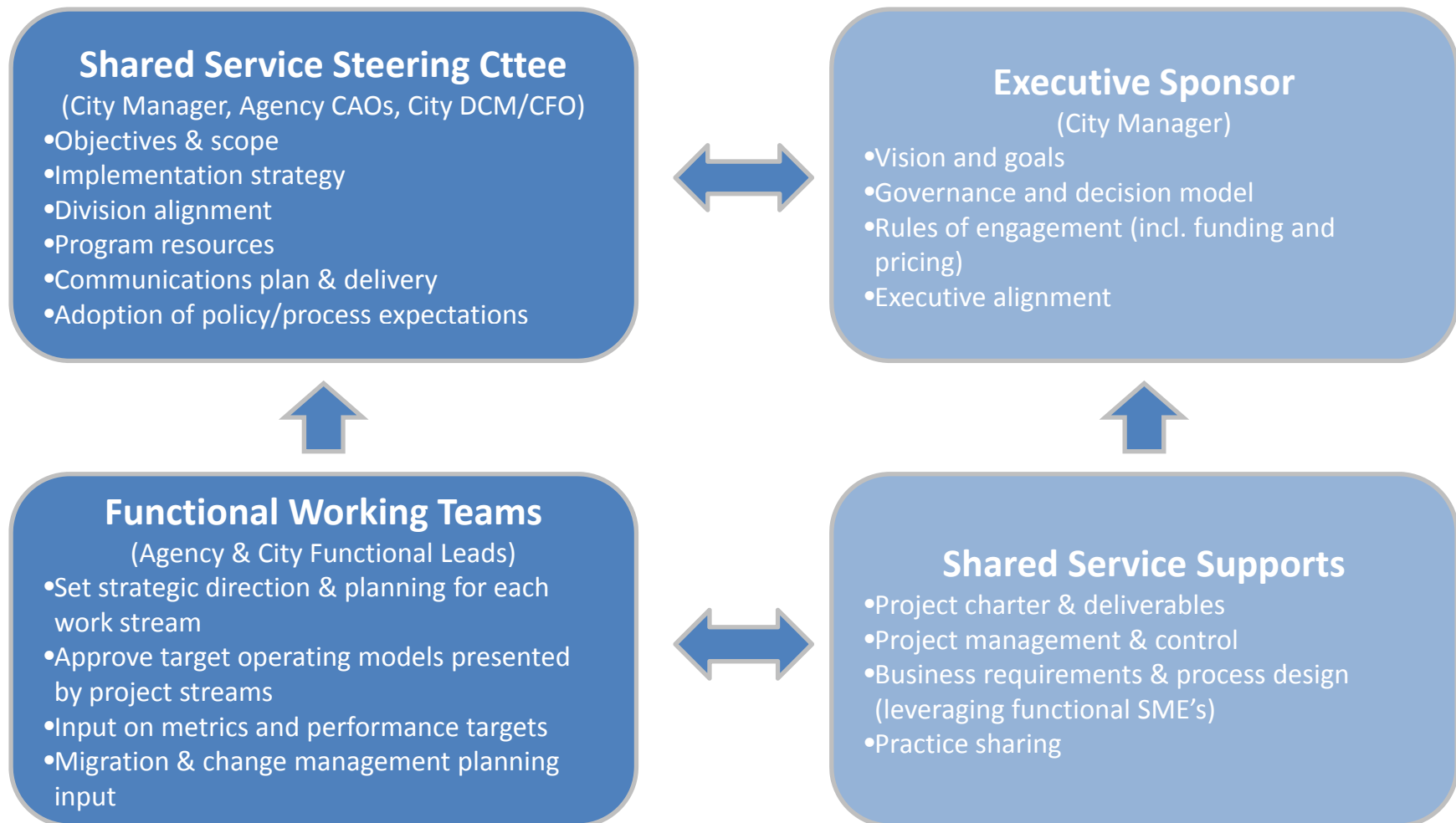
Potential Cost Savings

- KPMG estimates almost \$59 M to more than \$65 M in annual cost savings if recommended opportunities are fully implemented.
- Labour relations strategy accounts for most of the potential savings at \$47 M, but the City Manager believes savings will be less.
- Savings highly dependent on next steps and implementation planning.

Shared Service Implementation Plan

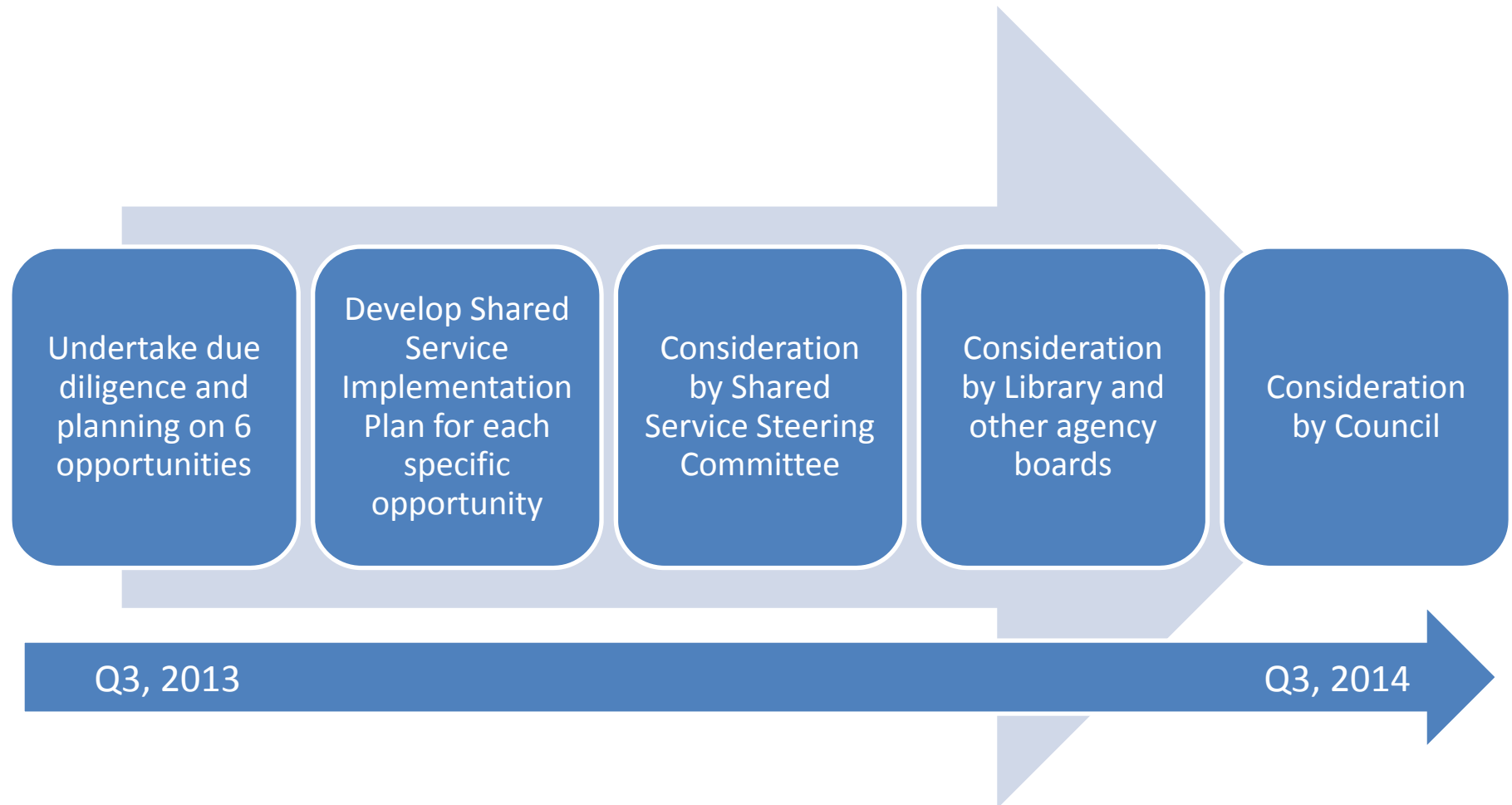
- Opportunities of demonstrated value will be considered together as part of a multi-year Shared Service Implementation Plan.
- A Shared Service Steering Committee consisting of City and agency senior management will be struck. The Committee will guide the development of the Shared Service Implementation Plan.
- Work teams consisting of City and agency staff will undertake analysis and operational planning to inform the Plan.

Shared Services Governance Structure



Shared Service Implementation Plan

(3 - 5 year time horizon)



Next Steps

- Strike a Shared Service Steering Committee.
- Strike work teams of City and agency staff.
- Develop a Shared Service Implementation Plan, starting with the City-wide Labour Relations Strategy.
- Report back to Council and each Board/Agency.