



STAFF REPORT INFORMATION ONLY

Shared Services Project Update – City Report

Date:	September 21, 2015
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

This report presents the City of Toronto's *Update on Shared Services Project* (see Attachment 1) from the Deputy City Manager & Chief Financial Officer; and also provides an update about the Toronto Public Library's involvement in shared services activities.

The report from the Deputy City Manager & Chief Financial Officer is scheduled to go before Executive Committee on September 21, 2015.

FINANCIAL IMPACT

There is no financial impact to the 2015 operating budget arising from this report.

Implementation of some shared services opportunities, in particular regarding information technology (IT), may require significant upfront investment. Additional resources that may be required to implement shared services opportunities will be included in the budget process for future years, as necessary.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

The Shared Services Study was conducted by the City Manager at the request of City Council. The Deputy City Manager & Chief Financial Officer's report entitled *Update on the Shared Services Project* (Attachment 1, page 3) provides the decision history for this initiative at the City of Toronto.

At the Library Board meeting on September 23, 2013, there was a report regarding the *Results of City's Shared Services Study*. The Board report included as an attachment a City report entitled *Results of the Shared Services Study – City Agencies*. A presentation about the

City's report was made by the following City staff: Deputy City Manager & Chief Financial Officer; Executive Director, Human Resources; and Director, Employee & Labour Relations. The Board approved at its meeting on September 23, 2013, the following two (2) motions that:

1. *endorses the following principles for the Library's participation in shared services discussions:*
 - i. *that Board governance and authority be recognized;*
 - ii. *that implementation of the shared services programs be cost neutral to the Board and provide a return on investment;*
 - iii. *that Toronto Public Library have on-going participation in the planning and implementation of applicable shared services programs and there be on-going reporting back to the Board; and*
 - iv. *that Toronto Public Library maintain control over the collective bargaining function while continuing to work collaboratively with the City; and*
2. *requests the City Librarian to report to the January 2014 meeting with an update on the shared services discussions with the City.*

At its meeting on January 20, 2014, the Board received a second report from staff regarding the status of the shared services project, which was received by the Board for information. At its June 23, 2014 meeting, the Board received a third report from staff and the City's Deputy City Manager & Chief Financial Officer and other City staff reported verbally regarding the City's shared services project; the Board received the report and presentation for information.

ISSUE BACKGROUND

In June 2012, the City Manager wrote to the City Librarian to advise that City Council had directed the City Manager to undertake a study to examine the opportunities to increase shared services in some common services and functions at the City and its agencies. The stated objective of the Shared Services Study was to reduce costs, increase service efficiency and effectiveness, and improve customer service. The City of Toronto retained the consulting firm, KPMG, to undertake the study of shared services opportunities.

The first Shared Services Study included City Divisions and six (6) agencies: Exhibition Place; Toronto Parking Authority; Toronto Police Services; Toronto Transit Commission; Toronto Public Health; and Toronto Public Library. The study examined opportunities for shared services in eight (8) functional areas: human resources/labour relations; information technology; internal audit; insurance and risk management; legal services; purchasing and materials management; records management; and real estate services. The scope of the shared services project has since been expanded to include two (2) more agencies (Toronto Zoo and Toronto Community Housing Corporation) and two (2) new functional areas (facilities management and fleet services).

In 2014, an Executive Steering Committee and 15 working groups for specific functional areas were established. The report from the City (see Attachment 1) is a status update on the activities and future plans of the Executive Steering Committee and the working groups.

Management staff at TPL have participated in all stages of the shared services project, beginning with the study undertaken by KPMG in 2012; TPL staff continue to participate in the Executive Steering Committee and appropriate working groups.

COMMENTS

The purpose of this section is twofold: to describe TPL's involvement in the various shared services projects; and to review the recommendations in the City report and highlight the potential impacts for Toronto Public Library.

TPL's Involvement in Shared Services Project:

This section does not repeat the detailed data contained in the City's report, and instead gives the page reference to the relevant sections of the City's *Update* report. The first three (3) items listed below relate to the nature of TPL's participation in the ongoing discussions related to the shared services initiative. The subsequent items (a. to m.) identify the functional areas in which TPL is participating:

- i. Executive Steering Committee: The Steering Committee provides leadership and strategic direction for the shared services project. The City Librarian is a member of the Steering Committee.
- ii. Meetings with Senior Project Manager & Research and Policy Analyst, Shared Services Project: the City Librarian and appropriate Directors meet with members of the shared services project team on an ongoing basis, in order to provide information and feedback, as requested.
- iii. Working Groups: Working groups comprised of staff from City divisions and the agencies have been established. The role of the groups is to assess the feasibility and value of shared services opportunities within individual functional areas.

TPL is participating in working groups in ten (10) functional areas, and expects to become involved in three (3) other areas, depending on the City's recommendations, based on some preliminary work. The functional areas in which TPL participates are identified below, in the order in which they appear in the City's *Update* report:

- a. **Share Generic Training and Learning Functions** (*Update*, page 20): Meetings are ongoing to discuss opportunities and best practices.
- b. **Coordinate and Standardize Common Health and Safety Functions** (*Update*, page 20): Meetings are ongoing to discuss opportunities and best practices.
- c. **Enhance the Use of the City's Internal Audit Division by Agencies** (*Update*, page 21): TPL to use the City's Internal Audit to perform various engagements.

- d. **City provides Freedom of Information submission application to Agencies** (*Update*, page 23): TPL to determine if City's tool meets its needs; and if it does, TPL will work with the City to install the tool.
- e. **City-wide labour relations strategy** (*Update*, page 25): TPL participates in the working group, with the City and other agencies. The discussions are mindful of the governance structure at TPL, and other agencies. Meetings are ongoing.
- f. **Share procurement of common goods and implement strategic sourcing** (*Update*, page 29): Meetings ongoing to discuss opportunities and best practices.
- g. **Share common information technology infrastructure** (*Update*, page 30): Meeting are ongoing to discuss opportunities and best practices.
- h. **Rationalize information technology applications** (*Update*, page 32): Meetings are ongoing to discuss opportunities and best practices.
- i. **Incorporate the Agencies in the Facilities Transformation Project** (*Update*, page 34): Meetings are ongoing to discuss opportunities and best practices.
- j. **Establish a Fleet Management Centre of Excellence** (*Update*, page 35): Meetings are ongoing to discuss opportunities and best practices.
- k. **Establish an IT Contract Management Centre of Excellence** (*Update*, page 35): TPL expects to participate in this project.
- l. **Establish an Internal Audit Centre of Excellence** (*Update*, page 36): TPL expects to participate in this project.
- m. **Establish a Real Estate Centre of Excellence** (*Update*, page 36): TPL expects to participate in this project.

Recommendations in the City report:

The City report to Executive Committee contains three (3) recommendations (see *Update*, page 4). In brief: Recommendations #1 a.; c.; and d. deal directly with TPL operations and have varying degrees of impact for TPL; Recommendation #1 b. does not include or impact TPL; and Recommendations #2 and #3 deal with administrative issues about reporting requirements to City Council and the distribution of the report to agency and corporation boards.

Recommendation #1 d. has the greatest potential impact for TPL. It deals with Information & Technology and seeks Council approval for a "move to an Enterprise Partnership model for infrastructure services, subject to approval of (a) final business case". The impact of this recommendation is not fully delineated or understood at this time; however, it deals with a core function of TPL's service delivery model and, as a result, has the potential to greatly

impact TPL operations and services. Management staff from TPL will be directly involved in the development of this proposal and business case.

To a lesser extent, Recommendation 1 c. may impact procurement practices at TPL. The recommendation seeks Council approval to “evaluate and report back on a strategic sourcing model” for procurement. TPL management staff will be involved in the development of this proposal and business case.

The last project with a potential impact for TPL is contained in Recommendation 1. a. This recommendation is about Common Learning opportunities, and seeks Council approval to “move to a consolidated model where the small agencies use the City’s common learning and training” programs. TPL managers are members of the Common Learning Working Group and are investigating and assessing the appropriateness and cost effectiveness of TPL’s participation in City training.

Next Steps:

As the working groups proceed with their investigations of the feasibility and value of individual projects, TPL also will consider and assess the full range of impacts that may result from participation in shared services opportunities. Cost savings and other related benefits will be dependent on the viability of the opportunities.

TPL will continue to participate in the Executive Steering Committee, in meetings with the project team, and in the working groups for various functional areas.

Where appropriate, staff will seek approval from the Board on matters relating to governance or with budget impacts.

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SIGNATURE

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ATTACHMENTS

Attachment 1: *Update on Shared Services Project* (City of Toronto report)