

Operating Budget Monitoring Report – March 31, 2021

Date:	May 25, 2021
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is: to provide the Toronto Public Library Board with a summary of the gross and net operating expenditures of Toronto Public Library (TPL) for the three-month period ended on March 31, 2021; to seek Board endorsement to implement new service enhancements; and to seek Board endorsement to establish an information technology (IT) asset replacement reserve.

As of March 31, 2021, TPL is reporting a net favourable variance of \$2.575 million, mainly due to the impact of COVID-19 on library operations.

The budget under-expenditure to date would allow TPL to implement the Digital Literacy for Seniors and Community Librarians Outreach service enhancements, and this will be reported to City Council to seek approval.

While there will likely be a net under-expenditure of the operating budget for 2021, there continues to be significant uncertainty around the dynamic impact of COVID-19 and associated variants, and their future impact on expenditures and revenues. Furthermore, Board endorsement is being sought for staff to investigate and seek Council approval for the creation of an IT asset replacement reserve for TPL, similar to the IT reserve at the City, to be funded from the expected underspending of the 2021 operating budget.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. receives the information on the operating budget results for the three-month period ended on March 31, 2021;
2. endorses the implementation of the Digital Literacy for Seniors service enhancement in 2021, which includes an increase of four positions over two years and incremental budget pressures of \$0.317 million in 2022 and \$0.100 million in 2023, subject to Council approval;
3. endorses the implementation of the Community Librarians Outreach service enhancement in 2021, which includes an increase of four positions over two years and incremental budget pressures of \$0.314 million in 2022 and \$0.100 million in 2023, subject to Council approval;
4. authorizes staff to seek Council approval to implement the Digital Literacy for Seniors and Community Librarians Outreach service enhancements, to be funded from the TPL 2021 operating budget underspending, as detailed in Attachment 1; and
5. directs staff to investigate and seek Council approval for the creation of an IT asset replacement reserve for TPL, similar to the IT reserve at the City, and to report back to the Board on the outcome.

Implementation Points

If Council approval is received for the service enhancements, the implementation could happen during the summer of 2021, subject to public health measures.

If Council approves an IT reserve for TPL, it would be set up before the end of 2021.

FINANCIAL IMPACT

As of March 31, 2021, TPL is reporting a net favourable variance of \$2.575 million comprised of a favourable expenditure variance of \$2.501 million and a favourable revenue variance of \$0.075 million, mainly due to the impact of COVID-19 on library operations.

The budget under-expenditure to date will allow TPL to implement the Digital Literacy for Seniors and Community Librarians Outreach service enhancements and this will be reported to Council to seek approval. If implemented by September 2021, the cost

would be approximately \$0.459 million in 2021, to be funded from the approved operating budget. The service enhancements would result in future year incremental budget pressures of \$0.631 million in 2022 and \$0.200 million in 2023, as detailed in Attachment 1.

If approved by Council, funding for the creation of an IT reserve would be funded by the under-expenditure of the 2021 operating budget.

The Director, Finance & Treasurer has reviewed this financial impact statement and agrees with it.

DECISION HISTORY

At its meeting on February 22, 2021, the Board considered [2021 Operating Budget – Adoption](#) and adopted the Council-approved TPL budget of \$204.117 million net (\$221.576 million gross). The approved budget did not include requested budget enhancements for the Digital Literacy for Seniors and Community Librarians Outreach. However, City Council adopted the following related motion:

EX21.2 Motion 10: City Council request the Chief Financial Officer and Treasurer, in consultation with the City Librarian, to report to the July 6, 2021 meeting of the Executive Committee on:

- a. the Toronto Public Library 2021 Operating Budget variance, and in particular, underspending due to the COVID-19 related public health measures' impacts on Toronto Public Library service hours and programming; and*
- b. the feasibility of reinvesting any positive Toronto Public Library budget variance into further new enhancements including community librarian outreach and / or digital literacy for seniors, as public health measures permit.*

COMMENTS

Results for Period ended March 31, 2021

For the three-month period ended on March 31, 2021, TPL is reporting a net favourable variance of \$2.575 million comprised of a favourable expenditure variance as shown in Table 1 below:

TABLE 1: Operating Budget Monitoring for the period ending March 31, 2021

Expense/Revenue Category	Year-to-Date				Full Year Budget
	Actuals	Budget	Variance to Budget		
	\$ M	\$ M	\$ M	%	\$ M
1 Staffing Costs	33.401	34.788	1.387	4.0%	158.218
2 Materials and Supplies and Other	0.324	0.540	0.216	40.0%	2.595
3 Library Materials	5.363	5.362	(0.001)	(0.0%)	21.448
4 Equipment, Services and Rent	8.530	9.429	0.899	9.5%	37.613
5 Contributions & Transfers to Reserves	-	-	-	0.0%	1.703
6 Total Gross Expenditures	47.617	50.118	2.501	5.0%	221.576
7 Grants	1.553	1.440	0.112	7.8%	5.714
8 Fines, Fees and Room Rentals	0.052	0.033	0.020	61.2%	1.713
9 Grants from TPL Foundation and others	0.414	0.375	0.039	0.0%	1.500
10 Contributions & Transfers from Reserves	1.102	1.102	-	0.0%	6.092
11 Other Revenues	0.431	0.527	(0.096)	(18.2%)	2.440
12 Total Revenues	3.552	3.477	0.075	2.2%	17.460
13 Net Expenditures	44.065	46.641	2.575	5.5%	204.117

The year-to-date favourable net expenditure variance of \$2.575 million is mainly due to: reduced spending in employee remuneration and benefits; reduced library programming; and lower utilities. Most of the savings are directly attributable to the Ontario state of emergency declaration and stay-at-home orders related to COVID-19 and their impact on library operations.

There continues to be significant uncertainty around the dynamic impact of COVID-19 and associated variants and their future impact on expenditures and revenues. Known unbudgeted pressures for the remainder of the year will include increased spending for security, janitorial services and supplies, and PPE, as well as lower than budgeted revenues. Similarly, there are known areas where spending will be lower than budget mainly due to delays in TPL's reopening plans, particularly Sunday service, staff benefit savings due to provincial measures limiting access to certain benefit providers, and the continuing impact of staff churn.

2021 Service Enhancements

At its February 22, 2021 meeting, Council approved the 2021 budgets and also adopted a motion requesting the City's Chief Financial Officer and Treasurer, in consultation

with the City Librarian, to report to the July 2021 Executive Committee meeting regarding the feasibility of reinvesting any underspending of the TPL operating budget to implement new service enhancements including Digital Literacy for Seniors and Community Librarians Outreach. In light of the budget under-expenditure at March 31, 2021, TPL will be seeking Council approval to implement the budget enhancements, which would include an increase of eight positions once fully implemented in 2022. Details can be found in Attachment 1.

IT Reserve

There will likely be a net under-expenditure of the 2021 operating budget and staff are working with the City to investigate the establishment of an IT asset replacement reserve which would be funded by this under-expenditure. This reserve would be used to fund the replacement of certain IT assets with short useful lives that are replaced on a regular basis, similar to how the vehicle reserve is used to fund the replacement of TPL's fleet, and this would be in line with how the City deals with their computer asset replacement. The reserve would also help to manage the fluctuations in annual spending for asset replacement.

This reserve would initially supplement the capital Technology Asset Replacement Program (TAMP), and over time, could possibly replace the capital program for replacement of assets, which would then allow the focus of future capital spending for net new initiatives and the continued implementation of TPL's digital strategy. Annual contributions to the reserve, funded from the operating budget, would be made to ensure an appropriate balance is maintained allowing for the regular but varying costs associated with IT assets.

CONTACT

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SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

Attachment 1: Toronto Public Library - Implementation of additional 2021 Service Enhancements

Toronto Public Library - Implementation of additional 2021 Service Enhancements

Adopted recommendations from Library Board meeting on May 25, 2021, Operating Budget Monitoring Report – March 31, 2021:

1. endorses the implementation of the Digital Literacy for Seniors service enhancement in 2021, which includes an increase of four positions over two years and incremental budget pressures of \$0.317 million in 2022 and \$0.100 million in 2023, subject to Council approval;
2. endorses the implementation of the Community Librarians Outreach service enhancement in 2021, which included an increase of four positions over two years and incremental budget pressures of \$0.314 million in 2022 and \$0.100 million in 2023, subject to Council approval; and
3. authorizes staff to seek Council approval to implement the Digital Literacy for Seniors and Community Librarians Outreach service enhancements, to be funded from the TPL 2021 operating budget underspending, as detailed in Attachment 1.

Council Motion EX21.2 Motion 10

At its meeting on February 22, 2021, City Council approved the 2021 budgets and also adopted the following motion:

EX21.2 Motion 10: City Council request the Chief Financial Officer and Treasurer, in consultation with the City Librarian, to report to the July 6, 2021 meeting of the Executive Committee on:

- a. the Toronto Public Library 2021 Operating Budget variance, and in particular, underspending due to the COVID-19 related public health measures' impacts on Toronto Public Library service hours and programming; and*
- b. the feasibility of reinvesting any positive Toronto Public Library budget variance into further new enhancements including community librarian outreach and / or digital literacy for seniors, as public health measures permit.*

For the three-month period ended on March 31, 2021, TPL is reporting a net favourable variance of \$2.575 million, mainly due to the impact on library operations of public health measures in response to COVID-19. In response to *EX21.2 Motion 10*, Toronto Public Library Board is requesting Council approval for the 2021 implementation of the Digital Literacy for Seniors and Community Librarians Outreach

with funding from Council-approved 2021 operating budget. If implemented by September 2021, and subject to public health guidelines, the estimated cost of the enhancements would be \$0.459 million, comprised of staffing and equipment costs.

The service enhancements, to be implemented over two years, would include an increase of eight positions and future year budget pressures as shown in the table below.

Cost of New Service Enhancements (\$ millions)

Service	2021 Funded from approved budget	2022 Base Budget Pressure	2023 Base Budget Pressure
Digital Literacy for Seniors - 4 positions (2 positions in each of 2021 and 2022)	0.385	0.317	0.100
Community Librarians - 4 positions (2 positions in each of 2021 and 2022)	0.074	0.314	0.100
Total	0.459	0.631	0.200

Digital Literacy for Seniors

A service enhancement to support social connectedness by expanding digital literacy programs for seniors in libraries will address the diverse needs and challenges among Toronto’s seniors through two complementary programs as identified in the [City of Toronto’s Seniors Strategy 2.0 medium-term recommendation within 2020-2022](#):

- In-branch Digital Literacy for Seniors, and
- Community-based Digital Literacy for Seniors.

Community Librarians

TPL’s community librarianship emphasis on reaching out to vulnerable communities aligns with the City of Toronto’s Poverty Reduction Strategy (PRS) and is an exciting new concept that moves librarians out of traditional library settings into a new community-based framework for providing library service. While working onsite in partner agency locations, community librarians work closely with agency staff and clients. The intent is for the community librarians to learn about and understand these clients’ information needs, and respond by providing the best possible mix of the full range of library services and programs.