



REPORT TO THE LIBRARY BOARD

MEETING DATE: APRIL 23, 2009

Session:	Public Session
Subject:	LPL 2010 Capital and Operating Budget: Guiding Principles
Prepared By:	Susanna Hubbard Krimmer, Barb Jessop, Anne Baker, Nancy Collister, Beth Kinchlea, Margaret Mitchell, Christina Nurse, Tom Travers, Arlene Thompson, Jan White, Terry Wilkes, Margaret Wilkinson
Presented By:	Susanna Hubbard Krimmer
Purpose of Report:	For Decision: Approval <input checked="" type="checkbox"/>

Recommendation

It is recommended that the Library Board approve the draft ***LPL 2010 capital and Operating Budget: Guiding Principles***.

Issue / Opportunity

The LPL budget serves as the annual financial plan for the Library and for achieving its *Vision, Mission, Service Excellence Model and Strategic Plan*. The purpose of this report is to provide the London Public Library (LPL) Board with the opportunity to lay the strategic foundation required for the preparation of the LPL 2010 Capital and Operating Budgets as an essential part of its annual financial plan.

Assumptions & Guiding Principles

In developing the 2010 annual LPL Operating and Capital Budgets, the Library Board will:

- Strive to maintain current capacity to serve the public; the public are our top priority;
- Balance the expectations of citizens for library services and service levels with their ability and willingness to pay for those services through their taxes;
- Remain open to opportunities to keep services relevant to public expectations and needs and current in terms of best practices while demonstrating continued fiscal responsibility;
- Endeavour to preserve key services, recognizing that some service levels may need to be adjusted to align with funding levels;

- Allocate budget resources consistent with the overall goals and priorities of the Strategic Plan;
- Endeavour to preserve adequate infrastructure in order to continue to provide high quality services and effective/efficient operations;
- Endeavour to preserve existing staffing levels and redeploy staff resources to meet service utilization levels (e.g. attendance, circulation, etc.) and strategic priorities;
- Continue to ensure that staff have the tools, training and development opportunities that will equip them to meet current and emerging community needs and expectations;
- Continue to seek cost avoidance and cost containment where possible;
- Identify and implement additional efficiencies where possible;
- Base operating revenue/expense projections on actual historic trends, supplemented with knowledge of current variables affecting revenue/expense levels;
- Strive to ensure that current budget decisions do not have a negative impact on future capacity;
- Find opportunities to be better positioned for the future, creating a budget that is sustainable;
- Seek new and diverse revenues in order to meet increased demand for services during a period of declining revenues;
- Support value added services through alternate sources of revenue;
- Develop and implement practical initiatives and technologies in the area of sustainable energy, including energy conservation, efficiency, and alternative energy for the economic benefit of the library and for the environmental benefit of London; and
- Build a strong understanding of budget information through ongoing communication with our stakeholders.

Next Steps

There are a number of key pieces that will have an impact upon the development of the LPL 2010 Capital and Operating Budgets:

- Sustainability Business Case;
- 2008 Audited Financial Statements [Board report April 23, 2009];
- City of London Service-Based Budget Model [Board reports April 23 and May 28, 2009]
- Budget Targets as set by City Council;
- Stimulus Infrastructure Fund [Board Report April 23, 2009];
- Northeast Branch Library project; and
- Tangible Capital Assets project [forthcoming Board report].

Sustainability

In its 2008 Sustainability Business Case (October 2007), London Public Library articulated the key issue that the Library continues to deal with: “How do we meet the service needs of the community in a sustainable manner? How do we continue to exist, meet

expectations and needs, be relevant and thrive in spite of significant financial obstacles, stretched resources and social, technological and cultural changes in society? The question is: “How do we balance our intent to achieve our vision, mission and value promise for Londoners, now and into the future, within the scope of our scarce financial and people resources?” This question is especially relevant in the current economic climate.

Budget Target

As part of the three year forecast which was developed during the 2008 budget process, the Library projected that a 3.2% increase would be required in 2009. At its April 28, 2008 meeting, Board of Control approved this budget target in principle. The target setting and approval process pre-dates the global economic downturn however. City finance staff have indicated that revised targets for the 2010 budget process will be issued late April or early May 2009 and will be lower than the targets presented in last year’s budget document.

Northeast Branch Library

The Library’s forecast for 2010, prepared as part of the 2009 budget, included operating costs attributable to the new Northeast branch in 2010 and 2011. The branch is scheduled to open in the autumn of 2010 and so costs will be pro-rated to reflect three months of opening. Costs will offset by savings resulting from the closure of Northridge Branch Library.

The budget preparation process will include the following steps and timelines:

LIBRARY BOARD REPORT	Timeline
2008 Audited Financial Statements	April
Budget Assumptions and Guiding Principles	April
Capital Budget: Infrastructure Stimulus Report	April
Capital Budget Business Case: Integrated Library System	May
Capital Budget Business Case: Branch Facilities	May
Tangible Capital Assets: Implications for 2010 budget process	June
Trust Funds: Report on LPL Fund Development History	June
Operating Budget Business Case: Collections	June
Draft 2010 Capital and Operating Budgets	June
Submission of Budgets and Cases to City of London	TBD

The City of London Budget Timetable will be provided to the Library Board