

# North Tyneside Council

## Report to Cabinet

### Date: 14 May 2012

#### ITEM 6 (h)(ii)(c)

Title: Voluntary Reduction  
in Salary

Portfolio(s): Human Resources

Cabinet Member(s): Mayor Linda Arkley

Report Author: Alison Lazazzera, Strategic Human Resources Manager (Tel: 643 5012)  
Carol Murphy, Human Resources (Tel: 643 5027)

Wards affected: All

#### PART 1

##### 1.1 Purpose:

The purpose of this report is to:

provide Cabinet with the outcome of the letter sent to employees earning £50,000 and above seeking their views to a voluntary reduction of salary of 10% as part of the budget proposals agreed by Council on 1 March 2012.

##### 1.2 Recommendation(s):

It is recommended that:

- (a) Cabinet note the outcome of the consultation with employees earning £50,000 and above; and
- (b) Report to Council the outcome of the consultation with employees.

##### 1.3 Forward plan:

This report was not included in the Forward Plan.

##### 1.4 Council plan and policy framework

1.4.1 This report has no specific reference in the Council Strategic Plan.

##### 1.5 Information:

**Background**

- 1.5.1 On 1 March 2012 Council agreed as part of the budget proposals to seek a voluntary reduction of 10% of salary from those employees earning £50,000 and above with a floor of £50,000.
- 1.5.2 A letter was sent out to the relevant employees from the Interim Chief Executive, Graham Haywood on 27 April 2012 stating that if employees wished to accept a voluntary reduction of 10% for the financial year 2012/13 then they should reply to the Strategic HR Manager. The employees were advised that if they did not respond by 11 May 2012 then it would be assumed that they did not wish to accept a voluntary reduction in salary.

## **1.6 Outcome of Consultation with Employees**

- 1.6.1 To date only 1 response has been received suggesting this individual would be happy to take a reduction in pay as long as other colleagues agreed to do so.
- 1.6.2 There have been no other responses.

## **1.7 Decision options:**

Cabinet has the option to:

- (a) Note the outcome of the consultation with employees and confirm the position that the budget proposal has not been able to be implemented as it has not been possible to reach agreement with the employees concerned to a voluntary reduction in salary and advise Council accordingly.

No alternative option is available as the proposal was on a voluntary basis.

## **1.8 Reasons for recommended option:**

- 1.8.1 Cabinet are recommended to note the outcome of the consultation and confirm the position to Council to evidence that it has sought to reach agreement with the employees concerned and to carry out the Council's budget proposal in relation to the voluntary reduction of salary as agreed at the Council meeting on 1 March 2012.

### **Appendices:**

Equality Impact Assessment  
Letter sent to employees

## **1.9 Contact officers:**

Alison Lazazzera, Strategic Human Resource Manager – (0191 643 5012)  
Carol Murphy, Assistant HR Manager (Strategy, Industrial Relations and Reward) – (0191 643 5027)  
Stephen Ballantyne, Lawyer Specialist (Governance and Employment) - (0191 643 5329)  
Janice Gillespie, Senior Manager Corporate Finance (0191 643 5701)

## **1.10 Background information:**

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

- 2.1.1 On 1 March 2012 Council approved the general fund revenue budget for 2012/2013 that included a saving of £20,000 arising from the Voluntary reduction by 10% of those salaries over £50,000 per annum. If this saving is not realised during 2012/13 a variation will be reported as part of the Financial Management Reports to Cabinet.

### **2.2 Legal**

There are no direct legal implications arising from this report.

### **2.3 Consultation/community engagement**

#### **2.3.1 Internal Consultation**

The budget setting process was carried out in consultation with Strategic Directors, Heads of Service and Managers with input from the recognised Trades Unions.

#### **2.3.2 External Consultation/Engagement**

The Council's Plan and Budget Setting process includes input via a programme of external consultation and engagement through area forums and with partner organisations. A letter was sent to all relevant employees on this proposal as set out in 1.5.2 of this report.

### **2.4 Human rights**

- 2.4.2 The proposals in this report support the Council's adherence to Human Rights legislation.

### **2.5 Equalities and diversity**

- 2.5.1 The proposals in this report support the Council's equality and diversity standards and an equality impact assessment is included.

### **2.6 Risk management**

- 2.6.1 A risk assessment of the proposal has been undertaken. The risks are managed under corporate risk management responsibilities.

### **2.7 Crime and disorder**

- 2.7.1 The proposals in this report do not relate to crime and disorder.

### **2.8 Environment and sustainability**

- 2.8.1 The proposals in this report have no impact on the environment.

## **PART 3 - SIGN OFF**

- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager  
Policy and Partnerships

**Report author:** Alison Lazazzera/Carol Murphy