

The 2023/24 Audit of Glasgow City Council

Senior officer exit packages



ACCOUNTS COMMISSION 

Prepared by the Controller of Audit
August 2025

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Introduction

1. The Code of Audit Practice requires auditors to produce an Annual Audit Report (AAR) summarising the significant matters arising from their audit work. For local authorities, auditors address the AAR to elected members and the Controller of Audit.

2. I have received the [Annual Audit Report](#) and the audited annual accounts for Glasgow City Council (the Council) for 2023/24. The appointed local auditor (Stephen Reid of Ernst & Young LLP (EY)) has issued a qualified audit opinion in relation to the Council's financial statements for the Council and its group in respect of two City Building group entries for a second year. This reflected the impact of delays from previous years auditing of the accounts for these Arm's Length External Organisations following a series of whistleblowing allegations in 2022.

3. The auditor also identified several risks, including the need for a robust medium to longer term financial strategy to reflect potential financial scenarios and support financial sustainability, as well as the need to agree a revised date for implementation of the new pay and grading structure. A total of 30 recommendations remain open, including 19 Grade 1 (high risk) recommendations. I will monitor the Council's progress with addressing these issues through the audit team. I intend to bring a Best Value report to the Commission in August 2026 and will keep this under review with the appointed auditor including consideration of the pace of progress in implementing improvements.

4. The auditor also raised significant matters in the AAR in relation to the scrutiny, governance and transparency of decision making in respect of the exit of five senior officers over the course of a three-year period between 2021 and 2024. I have decided to use the reporting powers available to me under s102 (1) of the Local Government (Scotland) Act 1973 to bring these matters to the Accounts Commission's attention.

5. My report relies on a number of publicly available documents. Auditors have not undertaken primary evidence gathering such as interviews with current or former officials of Glasgow City Council. The report draws heavily on the independent review 'investigation into exit packages of former senior officials at Glasgow City Council' undertaken by Brodies LLP, particularly for the 'Background' and 'How decisions were made' sections of the report. The independent review report is publicly available from Glasgow City Council. It was produced for the purposes of the Council, and I appreciate the agreement of both the Council and Brodies to use the content. I note that the parties who exited the Council as part of the restructure of the Chief Executive's Department were not interviewed, and

not all had the opportunity to give evidence to the investigation carried out by Brodies. My report also draws on the work reported by the appointed auditor in the Annual Audit Report 2023/24.

Background

6. In early 2021, a proposal was drafted setting out a restructure of the Council's Chief Executive's Department which included setting out the financial arrangements relating to the exit of five senior officers. The officers were:

- the former Solicitor to the Council and Director of Governance
- the former Principal Advisor to the Chief Executive
- the former Head of Human Resources
- the former Head of Legal and Administration and latterly Director of Legal and Administration
- the former Chief Executive.

7. The departures took place between April 2021 and May 2024. The total cost of the exit packages was £1.035 million with £0.268 million relating to redundancy payments and £0.77 million relating to **strain on pension fund costs**. The estimated ongoing savings in the proposal were £0.65 million per annum.

Strain on pension fund costs are the additional cost incurred by a pension fund when a member retires early or receives benefits without actuarial reductions, often due to factors like redundancy or employer-approved early retirement. These costs arise because the fund needs to pay out benefits sooner or with less reduction than initially anticipated, requiring additional funding to cover the shortfall.

8. The Leader of the Council and City Treasurer raised concerns after publication of the unaudited financial statements, which included details of the pension costs and payments in relation to loss of office, were published. The new Chief Executive launched an internal review into these matters which led to the commissioning of an independent review, including legal advice.

9. In March and April 2025, the outcome of the independent review was reported to three of the Council's committees for consideration. Subsequently, proposed changes to strengthen its governance arrangements in relation to workforce and service reform, were considered and agreed at a meeting of the Council 15 May 2025. A timeline of these events is set out in [Exhibit 1](#). It is important to note that the Brodies independent investigation states that 'we did not find any evidence

allowing us to conclude that any recipient of any severance/retirement package, or any other officer, acted improperly.’

Exhibit 1

Timeline of key events

2021 to 2024

January/February 2021, as part of planning for the restructuring of the Council’s Chief Executive’s department, a business case was developed which set out the proposed financial arrangements for the exit of five senior officers within the department.

April 2021, the former Solicitor to the Council and Director of Governance left the Council. She received a sum of £95,000 voluntary separation payment.

July 2021, the former Principal Advisor to the Chief Executive left, receiving early unreduced access to her pension and redundancy, totalling benefits of just under £192,000.

January 2023, the former Head of Human Resources left, receiving early unreduced access to his pension and redundancy, totalling benefits of just under £148,000.

September 2023, the former Head of Legal and Administration (latterly the Director) left, receiving early unreduced access to her pension and redundancy totalling benefits of £283,000.

May 2024, the former Chief Executive left, receiving early unreduced access to her pension at a cost of £317,000 to the Council.

July 2024, the Council published its unaudited financial statements, including the remuneration report, disclosing costs associated with the early retirement of the former Chief Executive and former Director of Legal and Administration.

August 2024, the accounts and financial statements were reported to the Council’s Finance and Audit Scrutiny Committee.

September 2024, an internal review was commissioned by the new Chief Executive to be performed by the Council’s Monitoring Officer and Head of Audit and Inspection.

October 2024, the appointed auditor was notified about the internal review and about the Restructure Report.

December 2024, the Council instructed Brodies LLP to investigate and prepare an independent report on these matters.

2025

February 2025, Brodies LLP provided the report of its investigation. This included the report of a KC, Brodies had instructed to review and provide an opinion on its investigation.

March 2025, the Council’s Finance and Audit Scrutiny Committee considered in public, a report by the Chief Executive on the findings of the independent investigation by Brodies of senior officer exit payments. This included provision of the full Brodies report and KC opinion.

April 2025, the Council's Wellbeing, Equalities, Communities, Culture and Engagement Policy Committee considered a report setting out the findings and recommendations of the independent review of the arrangements for the chief officer departures.

April 2025, a special meeting of the Council's Finance and Audit Scrutiny Committee was held to consider the annual accounts and annual audit report, including the external auditor's comments on the exit payments.

May 2025, the Council's City Administration Committee considered a paper on the review of arrangements for chief officer departures and proposed changes.

May 2025, the former Chief Executive reached an agreement with Strathclyde Pension Fund which, with the approval of the Council, resulted in repayment to the Council of the strain on the fund cost associated with her early retirement.

May 2025, Glasgow City Council agreed proposed changes to the terms of reference of committees and the scheme of delegated functions, in response to the independent review.

Source: Audit Scotland

How decisions were made

The approach taken to the restructuring of the senior management of the Chief Executive's Department

The role of the Chief Executive's Department

10. The Chief Executive's Department in a council is the strategic planning and management centre of the organisation. It provides the corporate lead, advice and support to its other departments and functions. It also provides the lead for governance and support to councillors with their policy setting, decision making and scrutiny role.

11. In Glasgow City Council, the main services of the Chief Executive's Department include for example: Policy, Corporate Governance and Communication; Legal and Administration; Human Resources; Corporate Procurement; Digital Services; Customer Care; Financial Inclusion and Economic Development.

Restructuring requires good governance

12. Whether as part of improvement and/or savings programmes, councils need to undertake organisational and staff restructuring from time-to-time. It allows the organisation to realign its resources to respond to change or to new priorities and find ways to work more efficiently. This can include redeployment or reductions of senior officers through early retirement or redundancy packages.

13. It is important that decisions made about restructuring, including exit packages for senior staff, are undertaken in the most transparent manner with clear governance arrangements that reflect the Principles of Public Life in Scotland – [Exhibit 2](#). In addition to demonstrating high standards of governance, councils also need to demonstrate that decisions about restructuring and exit packages are value for money for the public purse.

Exhibit 2

Principles of public life

There are expectations on how elected members and officers of public bodies, including councils, conduct themselves and the work they undertake. In 1995, the Committee on Standards in Public Life (the Nolan Committee) identified seven principles of conduct underpinning public life. In Scotland these principles were expanded to include a further two into the Nine Principles of Public Life in Scotland:

- 1 Selflessness – Acting solely in the public interest.
- 2 Integrity – Avoiding obligations that might influence official duties.
- 3 Objectivity – Making decisions impartially and on merit.

- 4 Accountability – Being answerable to the public and open to scrutiny.
- 5 Openness – Acting transparently and justifying decisions.
- 6 Honesty – Being truthful and declaring conflicts of interest.
- 7 Leadership – Promoting and upholding these principles through example
- 8 Public Service – Acting in the interests of the public body and fulfilling its core tasks.
- 9 Respect – Treating colleagues and staff with courtesy and valuing their roles.

Source: Scottish Government/Audit Scotland

How decisions were made

The process for approving the business case for restructuring the senior management of the Chief Executive's Department is not formally documented

14. The independent investigation by Brodies LLP sets out that following a discussion in January 2021, the Head of Human Resources sent the former Chief Executive a business case in February 2021, entitled Proposed Senior Management Restructure Report. This report set out the proposed financial arrangements relating to the exit of five senior officers within the Chief Executive's Department. The report proposed that:

- The post of Solicitor to the Council and Director of Governance (Grade 13) be made redundant, with its functions merged into other senior roles. A new role of Solicitor to the Council and Monitoring Officer (Grade 12) would be created.
- The post of Solicitor to the Council and Monitoring Officer be subject to a "**bump redundancy**", and a Legal Manager post (Grade 10) deleted.
- The post of Principal Adviser to the Chief Executive (Grade 11) be made redundant, with its functions merged into a new Head of Performance and Governance role.
- The post of Head of Human Resources (Grade 11) be subject to a "bump redundancy", and a Strategic HR Manager post (Grade 11) deleted.
- The Chief Executive (Grade 15) take early retirement in or around late 2022 on grounds of efficiency, with an estimated cost of £349,095.

Bump redundancy (or transferred redundancy) generally refers to an employee at risk of redundancy being moved into another role within the organisation. The person currently in that role is then made redundant instead.

15. In February 2021, the former Executive Director of Finance sent an email to the Chief Executive stating “I can confirm that each individual case and the overall project are consistent with Council Policy and the Business Case is comfortably within target parameters. I am therefore fully supportive of the proposals as outlined in the paper.” There is no explicit evidence of the Chief Executive, the Director of Governance and Solicitor to the Council approving the Restructure Report, as required at that time by the scheme of delegated functions. The independent review concludes that it is implicit in the collective correspondence about the report. There does not appear to be a clear document trail recording definitively the decision-making in relation to approval of the restructure report.

Approval of the exit and the terms for four of the five officers were in line with policy

16. The independent review concluded that approval requirements were met for the exit terms of the Solicitor to the Council, the Principal Advisor to the Chief Executive, Head of/Director of Legal and Administration and Head of Human Resources.

17. The exit terms offered to four of the former officers were in line with the Council’s policies in terms of redundancy payments, pension strain costs and payback periods.

18. The independent review concludes that ‘it is not clear whether [the Solicitor to the Council’s] departure can be said to fall within the scope of the Council’s policies on redundancy and early retirement’ as it was not formally a redundancy. She received a severance payment of £95 thousand as an agreed sum to be paid on her resignation. She did not receive redundancy or early access to her pension.

Approval of the Chief Executive’s exit did not follow the scheme of delegated functions

19. There was no specific provision for approval of the early retirement or severance of the Chief Executive under the scheme of delegated functions.

20. The former Chief Executive highlighted in her statement to the independent review that in her view, as the role didn’t fall under ‘chief officials’ that the scheme permitted her to delegate approval to the Executive Director of Finance and Head of Human resources, as for non-chief officials. Her view is the approval was given at the time the Restructure Report was written in 2021.

21. The independent review also draws attention to an email in March 2024 from an HR officer sent to both the new Head of Human Resources and the Executive Director of Finance with the request for the former Chief Executive’s early retirement, which was approved on the same day. The independent review notes, however, that it appears that the Executive Director of Finance and the new Head of Human Resources did not

consider they were formally approving the application but that their function was to check the application complied with relevant council policies.

Elected members were not involved in decision making or approval processes

22. The scheme includes the general requirement on officers ‘where he/she considers that a matter may be politically controversial even although it has been specifically delegated to him/her, to consult with the appropriate City Convener. If after consultation the officer determines the matter is politically controversial, it must be referred to committee as appropriate for approval.’

23. What can be considered politically controversial is a judgement, however it is reasonable to consider the early retirement of the Chief Executive on efficiency grounds, and the operational and financial implications of this could meet this description, and it is not clear what consideration was given to this issue. The Independent review concluded that officers should have referred the Restructure Report to the relevant City Convenor for consultation as a matter of potential political controversy.

24. Councillors do not, however, appear to have been involved in the decision making or approval processes for the exit packages for any of the five senior officers, including the Chief Executive. There is no evidence of the proposals and terms being discussed with councillors and the Restructure Report was not shared with councillors or presented at committee for approval.

Appropriate scrutiny, transparency and accountability was lacking

25. As highlighted at paragraph 9, it is important to note that the independent investigation states that ‘we did not find any evidence allowing us to conclude that any recipient of any severance/retirement package, or any other officer, acted improperly.’ However, in the interests of transparency and good governance, the absence of a clear document trail, setting out the decisions and approvals required for the Restructure Report, including the consideration of potential conflicts of interest and the need to involve councillors, is concerning.

26. I support the auditor’s conclusions in his 2023/24 AAR that ‘the Council was unable to demonstrate effective scrutiny, governance and transparency in decision making or value for money in respect of the exit of 5 senior officers over the course of a three-year period between 2021 and 2024’. It is not clear whether the restructure was value for money. All councils should ensure that they can demonstrate the value for money for any service reform or restructure. In this case the Council’s restructure paper highlights two key reasons for the structural change:

- The ongoing requirement to make significant savings; and
- A need to address the demographics of the senior team and put in place robust succession planning arrangements.

27. The Restructure Report concluded that the total cost of the proposals would be £731,486, with ongoing annual savings of £652,658, resulting in a payback period of 1.12 years. However, the detail of the report sets out total redundancy and strain on the fund costs of £1.025 million for the five senior officers. The Council advises that the lower cost of £731,846 is after in-year salary savings are included.

28. The Appointed Auditor notes in the AAR that the actual total cost of the exit of the five senior officers was £1.035 million as opposed to the cost of the proposals in the Restructure Report of £1.025 million. The difference reflects updated figures since the time of the Business Case in 2021 as well as changes to planned leaving dates.

29. It is not possible to reach a conclusion on the rationale for the exit terms given to the five senior officers, as there is a lack of consideration within the Restructure Report of the benefits to the Council for the reform (out with the overall annual financial savings of £0.65 million).

30. There is no reference within the Restructure Report to alternative mechanisms for change being considered. The auditor comments in the AAR that ‘while we note in circumstances where restructures involve senior officers, alternative options such as redeployment are often not practical or possible, we would expect consideration of all options to be evaluated. In this specific instance, it’s unclear why early retirement and redundancy was the best solution to address concerns around succession planning’.

31. It is particularly difficult to see the justification for the Chief Executive’s early retirement on the grounds of cost savings and succession planning as the post of Chief Executive remains within the structure. In February 2024, the request to approve the terms of the Chief Executive’s early retirement, made to the Head of Human Resources and the Executive Director of Finance for approval, was made on the grounds of efficiency.

32. A final amendment made to the Restructure Report before its approval by officers was to include a link between the deletion of the post of Executive Director of Development and Regeneration Services and the early retirement of the Chief Executive. The deletion of the role was approved by the Council’s City Administration Committee in January 2021, but the rationale for the link to support the case for the Chief Executive’s retirement contributing to savings is unclear.

The Council's response

How the Council are taking action to address the issues raised

The Council's response and actions taken

The Council commissioned an independent review and reported publicly on the findings

33. In September 2024, the Council's new Chief Executive commissioned the Council's Monitoring Officer and Head of Audit and Inspection to undertake an internal review of the arrangements for the departure of senior officers.

34. Following consideration of the findings of the internal review and discussion of the findings with the appointed auditor, the Council sought an independent legal view. Brodies LLP was instructed to undertake an independent investigation. Brodies provided their report in February 2025. This included the opinion of a KC on the questions of law asked by the Council, based on the findings in the Brodies LLP report.

35. A summary of findings from the Brodies LLP report, are set out in [Exhibit 3](#). The full report, with the opinion provided by the KC, is available from Glasgow City Council:

Exhibit 3: Key findings of independent legal review

- Severance terms offered to each of the officers were in accordance with applicable Council policies.
- The justification for the early retirement of the former Chief Executive was not supported by the Restructure Report or accompanying correspondence and there was no clear justification for linking her retirement with the deletion of the post of Executive Director of Development and Regeneration Services.
- The Restructure Report should have been the subject of elected member input, rather than being approved solely by officers, particularly as the officers who were involved in approving it also benefitted from its terms by being proposed for early retirement / severance packages. No evidence was found that elected members were asked to approve the report or individual applications for severance / retirement. There was also no evidence that elected members had any knowledge of the details of the departures prior to the publication of the remuneration report as part of the unaudited Annual Accounts for 2023/24.

- It is considered that the former Chief Executive's application for early retirement was not, on the face of it, lawfully approved in terms of the Council's Scheme of Delegated Functions. However, it was considered unlikely that a judicial review would overturn the decision, given the detriment to the former Chief Executive and the time passed.
- That the pension strain costs which formed part of four of the five redundancy / early retirement packages under investigation were mandatory in terms of the Council's policy and the Local Government Pension Scheme Regulations.
- It is considered that there is no reasonable basis for the recovery of the sums paid by the Council in respect of the 5 early retirement / redundancy packages.

Source: Brodies LLP 'Report: Investigation into exit packages of former senior officers at Glasgow City Council and Opinion of senior counsel in re Investigation into exit packages of former senior officers at Glasgow City Council

36. The Council presented the legally privileged report from Brodies LLP and the opinion from the KC in public to the Finance and Audit Scrutiny Committee on 11 March 2025. The Council's decision to consider the findings of the independent review in public, indicates a desire to ensure greater transparency and openness on the matter, which is welcome.

The Council are making updates to governance structures and policy

37. An internal review of the Council's governance arrangements relating to workforce and service reform activity has been undertaken. In response to the issues highlighted by the independent review and recommendations from the appointed auditor, the Council is making amendments to governance arrangements and policy in respect of early retirement and voluntary redundancy.

38. At the May 2025 Council meeting, amendments to the Scheme of Delegated Functions and Committee Terms of Reference were agreed. The amendments to arrangements include:

- Clarity in the scheme that the term chief officers refers to all officers grade 12 and above, including the chief executive
- Changing the title of the Senior Officer Appointment Committee to the Senior Officer Workforce Committee and changing the remit to consider not only appointments of senior officers but also the approval of proposals involving early retirement or redundancy of officers of grade 12 or above

- Adding the Director of Legal and Administration to the senior officers required to approve changes to staffing structures, numbers and gradings
- Deleting the previous delegation, which authorised the chief executive to approve applications from chief officials for early retirement and voluntary severance
- Adding an express delegation relating to the early retirement and voluntary severance of the Chief Executive, giving authority to the Chair of the Corporate Workforce Planning Board to recommend proposals to the Senior Officer Workforce Committee.

39. The Auditor makes the recommendation in the AAR that the Council should “set clear guidance on minimum expectations for any future restructure papers. This should include at a minimum an outline of how the restructure achieves value for money, what alternatives to early retirement or voluntary redundancy were considered and how the restructure meets the Council’s strategic priorities”. The Council accepted this recommendation and have committed to set clear guidance for future restructure papers and to establish a Corporate Workforce Planning Board to oversee the implementation.

40. In addition, the Council have committed to make improvements to the administration of exit packages in response to areas for improvement identified by the appointed auditor in the AAR. The recommendations include:

- The Council should engage with Strathclyde Pension Fund to ensure that strain on fund calculations are only made for relevant individuals and consider whether any amendments are required to improve the accuracy of estimated costs.
- Management should review the current operational processes for recording approvals and agreements to early retirements and redundancies. This should include clear guidance on requirements for electronic approvals.

41. The auditor notes in the AAR that “further work will be required to ensure that such arrangements are adhered to and the Nolan principles are upheld in future”. The Council report that it “will put in place arrangements to enhance and monitor awareness, understanding and application of the Council’s governance rules across senior management and leadership teams. This will be extended to include the employees’ Code of Conduct, with appropriate training and communication carried out with employees across the Council family”.

No legal basis for recovery

42. The independent review concluded that there is no reasonable basis for the recovery of the sums paid by the Council in respect of the five early

retirement/redundancy packages. The current Chief Executive advised that in early May 2025, legal representation for the former Chief Executive arranged for an agreement to be made with Strathclyde Pension Fund and the Council. This resulted in the repayment, from Strathclyde Pension Fund to the Council, of the strain on the pension fund of £317k, stemming from her early retirement.

Glasgow City and other councils need to ensure good governance, value for money and clear business cases for future reform and restructuring

The Council needs to ensure it is better prepared for future restructuring

43. Councils should not turn to early retirement as the first and only option when faced with budget cuts. The need for early retirements could be better controlled by taking a strategic approach to planning the size and composition of the workforce, including senior roles.

44. Best Value thematic work undertaken at the Council has highlighted that while detailed workforce planning occurs at a service level, there is no overall workforce plan or strategy. The Council need to be able to show, how any restructure provides value for money including how any restructures support the Council's strategic plan, financial plans and workforce plans.

45. As the Council looks to continue to transform and ensure it is fit for the future, it will need to demonstrate that:

- the planned restructure achieves value for money
- the revised structure reflects the Council's strategic priorities
- alternatives to early retirement or voluntary redundancy have been considered
- the process for approving early retirements and redundancies is clearly documented
- the decision-making process is subject to appropriate scrutiny and is in line with the Principles of Public Life.

Lessons learnt for all councils

46. Given the current challenging financial context across the public sector, other councils will also be undertaking restructuring and reform programmes. They too need to ensure that they have effective governance arrangements in place. In particular, all councils will wish to consider:

- are their schemes of delegation and codes of conduct fit for purpose and do they reflect the Principles of Public Life?

- does the scheme of delegation include a clear process for considering proposals and approvals for restructure, redundancy and retirement and does it appropriately manage potential conflicts of interest?
- is there appropriate officer and councillor scrutiny of the decision-making processes in relation to restructure, redundancy and retirement?
- is there a good understanding and implementation of the requirements set out in the scheme of delegation relating to restructure, redundancy and retirement, through training and monitoring?
- does the prevailing culture amongst senior officers reflect the standards and behaviours required by the Principles of Public Life?

47. The Accounts Commission produced a report in 1997 and follow-up review about the management of early retirement. These were:

- [Bye now, pay later - The management of early retirement in local government](#) – December 1997
- [Bye now, pay later? A follow-up review of the management of early retirement](#) - June 2003

48. Messages from these reports remain relevant and councils should remain cognisant of these as they undertake restructuring and reorganisation that includes the early exit of senior members of staff, senior council members and senior staff in bodies in the group accounts. Listed below are recommendations from the 2003 report of note:

- Framework for decision making - Early retirement policies should be approved by councillors and be reviewed regularly.
- Informing councillors - councillors should receive a report at least annually that details the number of early retiral decisions made in the year, along with the associated costs and savings attached to these decisions.
- Decision making - councils should rigorously appraise individual cases to ensure the expected savings associated with a retiral outweigh the costs.
- To improve accountability and assist in monitoring, the costs of early retirement should be charged to the appropriate service budget.
- Elected members should be involved in approving early retirement decisions for senior staff.

The 2023/24 Audit of Glasgow City Council

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