

## EARLY DEPARTURES FROM COUNCIL EMPLOYMENT

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### 1.0 EXECUTIVE SUMMARY

This report updates members on the arrangements for approval of early departures from council employment, costs, savings and delegations.

The report makes recommendations for improvements based on a communication from the Accounts Commission to all councils on this matter.

### Recommendations

Policy and Resources Committee are asked to:

- 1.1 Agree to recommend to Council for approval that information will be prepared, as part of the year-end financial report to inform members of all severance packages, their costs and any associated savings. This will include confirmation that appropriate internal processes have been exercised in accordance with the Accounts Commission letter to all Councils concerning the exit packages for staff.
- 1.2 Agree to recommend to Council for approval that the process and protocol for the assessment, approval and scrutiny of exit packages pertaining to Executive Directors or Chief Executive be augmented to include formal Member scrutiny as set out in Paragraph 4.7.5 below.
- 1.3 Note that these actions constitute a policy review and will bring the council into full alignment with the recommendations contained within the Accounts Commission's letter.

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**2.0 INTRODUCTION**

- 2.1 This report updates members on the arrangements for approval of early departures from council employment, costs, savings and delegations.
- 2.2 The report makes recommendations for improvements based on recent communication from the Accounts Commission to all councils on this matter and which have primarily arisen from a statutory report by the Controller of Audit concerning the scrutiny, governance and transparency of decision making of exit packages of senior officers at Glasgow City Council.

**3.0 RECOMMENDATIONS**

- 3.1 Agree to recommend to Council for approval that information will be prepared, as part of the year-end financial report to inform members of all severance packages, their costs and any associated savings. This will include confirmation that appropriate internal processes have been exercised in accordance with the Accounts Commission letter to all Councils concerning the exit packages for staff.
- 3.2 Agree to recommend to Council for approval that the process and protocol for the assessment, approval and scrutiny of exit packages pertaining to Executive Directors or Chief Executive be augmented to include formal Member scrutiny as set out in Paragraph 4.7.5 below.
- 3.3 Note that these actions constitute a policy review and will bring the council into full alignment with the recommendations contained within the Accounts Commission's letter.

## 4.0 DETAIL

- 4.1 The Accounts Commission, as the body responsible for holding Scottish councils and other public bodies in Scotland to account has published several reports on early departures and severance costs in Councils: Bye Now, Pay Later 1997 [nr\\_9712\\_early\\_retirement.pdf](#) and the follow up report in 2003 [Bye now, pay later follow up](#).
- 4.2 Since these reports were published, processes have changed, and the full cost must be recognised by the employing body at the time of employee exit. A capitalised value of the recurring Compensatory Added Years payment is recognised in the Remuneration Report - Employee Exit Packages.
- 4.3 Argyll and Bute Council, through its policy framework, scheme of delegations and Annual Accounts, addressed all the recommendations after publication of these reports.
- 4.4 A recent series of decisions in relation to the scrutiny, governance and transparency of exit packages of senior offices in Glasgow City Council have been the subject of a report from the Controller of Audit to the Accounts Commission.
- 4.5 In a subsequent letter to all Scottish Council Chief Executives dated 8 September 2025, the Deputy Chair of the Accounts Commission highlighted the Controller of Audit's 'serious concerns' on how decisions were made around these exit packages. Furthermore, the letter set out the Commission's expectations that councils take action to recognise the important findings of the report and that the issues the report highlights will be discussed by the appropriate scrutiny body. For Argyll and Bute Council, this would be the Audit and Scrutiny Committee. The Commission expects that steps will be taken to review the Scheme of Delegation and decision-making processes within each public body in order that alignment to the recommendations contained within the report are embedded into each organisation's internal protocols and procedures.
- 4.6 The letter from the Commission sets out five key recommendations:
- Frameworks for decision-making:** policies in relation to the exit packages of senior officers should be approved by councillors and reviewed regularly.
- Informing councillors:** councillors should receive a report, at least annually, that details the number of early retirements, and redundancy decisions made in the year, along with the associated costs and savings attached to each of these decisions.
- Decision making:** councils should rigorously appraise individual business cases to ensure the expected savings associated with a retirement or redundancy outweigh the costs, ensuring value for money.
- To improve accountability** and assist in monitoring, the cost of early retirement should be charged to the appropriate service budgets.

**Elected members should be involved** in approving early retirement and redundancy decisions for an Executive Director or the Chief Executive, providing the independent scrutiny that is essential to issues and decisions where there are potential conflicts of interest.

4.7 The Council currently has the following arrangements in place relating to each of these recommended areas for attention:

4.7.1 **Frameworks for decision-making:** policies in relation to the exit packages of an Executive Director or the Chief Executive should be approved by councillors and reviewed regularly.

The Council's Pensions Discretions Policy sets out the agreed organisational approach to the entitlements and discretions to be applied to decision making about employee pension benefits. This policy was reviewed most recently by the Policy and Resources Committee in May 2025, when an amendment was agreed to the age at which an employee may request flexible retirement.

This policy applies to all officers, including senior officers.

The Council's Redundancy Policy sets out the organisational approach to managing voluntary and compulsory redundancies. The policy statement specifically states that *'When considering requests for voluntary redundancy, the Council will consider how the request fits with business needs and the financial implications of the potential redundancy.'* The financial implications of each voluntary redundancy are set out in a RED3 form and for compulsory redundancy, a RED4. These are signed by the Head of Service and the Executive Director. Any voluntary redundancy costs must demonstrate a savings payback within 3 years, or it is not approved.

This policy is currently under review.

4.7.2 **Informing councillors:** councillors should receive a report, at least annually, that details the number of early retirements, and redundancy decisions made in the year, along with the associated costs and savings attached to each of these decisions.

The most recent report on costs of severance payments for redundancy and early retirement was presented to Policy and Resources Committee in December 2021 [Early Departures Costs.pdf](#). As there have been no major redundancy exercises since then, a separate report has not been prepared, however, key information on the cost of severance, comprising redundancy and any other associated costs are reported as part of the Annual Accounts within the Remuneration Report under 'Employee Exit Packages'. This provides an overt disclosure of costs arising from early departures and subsequent severance payments, both in terms of the number of packages approved and the total cost per exit package cost band.

4.7.3 **Decision making:** the Council has a process to appraise individual business cases to ensure the expected savings associated with a retirement or redundancy outweigh the costs, ensuring value for money.

In addition to the RED3 and RED4 forms which set out all costs associated with a redundancy or early retirement, any other severance payment is subject to a business case being prepared for the Executive Director with Responsibility for Legal and Regulatory Support, detailing the reasons for the severance and the associated costs. The Executive Director has a delegation as follows:

“To settle, without reference, up to a maximum of £100,000, any claims against the Council which involves or is likely to involve action against the Council in any Court or statutory tribunal.”

This enables the Executive Director to approve settlement of any claims, that may include severance payments, up to the limit of the delegation.

If the threshold for approval were to exceed that delegated authority, the matter would be referred to members for consideration at full Council.

**4.7.4 To improve accountability** and assist in monitoring, the cost of early retirement should be charged to the appropriate service budgets.

Current arrangements are such that any operational decision to remove a post or grant retirement, subject to the controls set out above, would be charged to the operational budget. If, however, the post were to be removed in order to achieve a programme of budget savings, the costs may be met from an element of the General Fund reserve, specifically earmarked to meet redundancy costs.

**4.7.5 Elected members should be involved** in approving early retirement and redundancy decisions for an Executive Director or the Chief Executive, providing the independent scrutiny that is essential to issues and decisions where there are potential conflicts of interest.

It is recommended that a Committee of the Council is established to be convened for scrutiny purposes in the event that a severance package is proposed for an Executive Director or the Chief Executive. This Committee would comprise the Council Leader, the Leader of the Opposition, the Policy Lead for Finance and the Policy Lead for Customer Support Services. The proposal would be prepared through the current officer process by HR, the Section 95 Officer and the Executive Director with Responsibility for Legal and Regulatory Support. If either of these officers were deemed to have a conflict of interests in respect of the proposal, substitutes would be identified to fulfil their role. The establishment of this Committee would not affect the existing arrangements where Council approval is required for any individual employee severance package that exceeds the delegated authority of the Monitoring Officer.

## **5.0 CONCLUSION**

**5.1** Whilst the Council exercises robust processes in relation to the assessment and authorisation of exit packages which are outlined in the report, there is further

opportunity to instil additional oversight in accordance with the Accounts Commission's letter and what is now deemed as 'best practice'.

- 5.2 The introduction of the proposed amendments to the current system will allow compliance with 'best practice' and also readily demonstrate the Council's duty to fulfilling its sustained commitment pertaining to the [Key Principles of Public Life | The Standards Commission for Scotland](#).

## **6.0 IMPLICATIONS**

- 6.1 Policy – Aligns the Council with best practice in approval of severance packages for senior officers.
- 6.2 Financial – Ensures appropriate scrutiny of financial decisions relating to the severance packages for Directors or the Chief Executive.
- 6.3 Legal – Allows compliance with and demonstrates the Council's duty to fulfilling its commitments to the Ethical standards and Key Principles for Public Life.
- 6.4 HR – Refines the current arrangements for severance of Directors and Chief Executive.
- 6.5 Customer Service - None
- 6.6 Risk – Reduces the risk of reputational damage that could be caused by perceived inappropriate authorisation of high cost severance packages for senior officers.
- 6.7 Climate Change - None
- 6.8 Fairer Scotland Duty – No Impact Assessment Required
- 6.9 Equalities - protected characteristics – Equality policy applies to ensure no detriment to any affected employee as a result of a protected characteristic under the Equality Act 2010.
- 6.10 Consumer Duty – No Impact Assessment Required
- 6.11 Island Communities - No Impact Assessment Required
- 6.12 Children's Rights and Wellbeing - No Impact Assessment Required

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