



**Glasgow City Council**

**Report by: The Chief Executive**

**Contact: Susanne Millar Ext: 74522**

**Item 7**

**30th October 2025**

**ACCOUNTS COMMISSION FINDINGS – SECTION 102 REPORT  
RELATING TO FORMER SENIOR OFFICER EXIT PAYMENTS**

**Purpose of Report:**

To seek Council approval to accept the findings of the Accounts Commission relating to the exit payments of five former senior officers.

**Recommendations:**

It is recommended that the Council:-

1. Notes the content of the Section 102 Report and accepts the findings made by the Accounts Commission as detailed therein;
2. Notes the actions already taken by the Council to address those findings;
3. Agrees to accept the recommendations made by the Accounts Commission; and
4. Agrees the additional actions to be taken by the Council in response to those recommendations.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No x☐

## **1 Introduction**

- 1.1 At a meeting on 14 August 2025, the Accounts Commission was presented with a statutory report by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973 in relation to the 2023/2024 audit of Glasgow City Council's accounts concerning the exit packages for five former senior Council officers.
- 1.2 The Accounts Commission subsequently issued findings following their meeting which were published on their website on 4 September 2025. A copy of the Section 102 Report, incorporating the Accounts Commission's findings, is attached at the appendix to this report.
- 1.3 It is a statutory requirement under section 103E of the 1973 Act that findings made by the Accounts Commission are considered at a meeting of the full Council and where those findings contain recommendations, the Council must:-
  - decide whether to accept any or all of those recommendations; and
  - decide what, if any, action to take in response to those recommendations.
- 1.4 In order to comply with this statutory requirement, this report sets out the background circumstances leading to the publication of the Section 102 Report and the findings and subsequent recommendations made by the Accounts Commission.

## **2 Background**

- 2.1 The Council published its pre-audited Annual Accounts for financial year 2023/24 in July 2024. The unaudited accounts were considered by the Finance and Audit Scrutiny Committee on [21 August 2024](#)
- 2.2 The Annual Accounts include a Remuneration Report in accordance with The Local Authority Accounts (Scotland) Regulations 2014. The Remuneration Report is required to include any payments relating to "Compensation for Loss of Office" and any "Strain on the Fund" employer pension contributions that may arise due to exit agreements.
- 2.3 The Remuneration Report disclosed that during 2023/24 there was a Strain on Fund cost of £317,417 in respect of the retirement of the former Chief Executive and a Strain on the Fund cost of £223,065 and a Compensation for Loss of Office payment of £59,971 in respect of the retirement of the former Director of Legal and Administration.
- 2.4 Following publication of the Remuneration Report, concerns were raised with the Chief Executive by the Leader of the Council and the City Treasurer regarding these payments. The Council also received questions and requests

under Freedom of Information legislation in relation to the financial terms associated with these departures.

- 2.5 The Chief Executive instructed that an initial review of the underlying documentation and process relating to these packages be carried out by the Council's Monitoring Officer and Head of Audit and Inspection. The documents considered as part of this initial review included a business case report for Early Retirement/Voluntary Redundancy entitled "*Chief Executive Department – Report for the Executive Director of Financial Services, February 2021 – Proposed Senior Management Restructure.*" (referred to as *The Restructure Report*).
- 2.6 This Restructure Report set out the proposed financial arrangements relating to the exit of five former senior officers within the Chief Executive's Department, which departures took place over a period of time between April 2021 and May 2024. The five former senior officers who were the subject of the Restructure Report were:-
- Carole Forrest – Solicitor to the Council and Director of Governance
  - Anne Connolly – Principal Adviser to the Chief Executive
  - Robert Anderson – Head of Human Resources
  - Elaine Galletly – Head of Legal and Administration and laterally Director of Legal and Administration
  - Annemarie O'Donnell – Chief Executive.
- 2.7 As a result of this initial review, the Chief Executive instructed an independent, external investigation into the circumstances in which the payments were made and the approval processes which led to them. The Council's external auditors also requested external legal advice be sought on this matter. Brodies LLP were instructed to investigate and prepare a report on these matters. Thereafter Brodies LLP instructed a KC to prepare an Opinion to confirm the findings of this review.
- 2.8 The report from Brodies LLP together with the Opinion provided by Douglas Ross KC were considered by the Council's Finance and Audit Scrutiny Committee at its meeting on [11 March 2025](#). Having considered the findings from this independent external review, the Finance and Audit Scrutiny Committee agreed:-
- To note that a comprehensive internal review of the Council's governance arrangements relating to workforce and service reform activity was being undertaken, taking into account the findings and recommendations arising from this independent review and any recommendations put forward by the Council's external auditor;
  - To note that reports would be submitted to future meetings of this committee, the Wellbeing, Equalities, Communities, Culture and Engagement City Policy Committee, and the City Administration Committee on the outcome of the internal review of the Council's

governance arrangements, which would include setting out any proposed changes to the Council's Scheme of Delegated Functions; and

- To instruct the Head of Audit and Inspection to provide regular updates to the Finance and Audit Scrutiny Committee on management's progress in implementing any agreed actions as a consequence of the review.

2.9 Subsequent reports were taken to the Wellbeing, Equalities, Communities, Culture and Engagement City Policy Committee on [17 April 2025](#) and to the City Administration Committee on [8 May 2025](#). As a result of these reports, a number of new operational and governance arrangements for the agreement of early retirement and voluntary redundancy for senior officers were agreed.

2.10 Changes to the Council's Scheme of Delegated Functions and Committee Terms of Reference relating to the approval of proposals involving early retirement or redundancy of officers of grade 12 and above were approved by the Council at its meeting on [15 May 2025](#).

2.11 These changes will ensure that there is greater accountability, transparency and political oversight of decision making, with proposals for early retirement and redundancy of officers of grade 12 and above now requiring to be considered and approved by the Senior Officers Workforce Committee, comprised of 7 elected members, including the Leader of the Council, the City Treasurer, the City Convener for Workforce, the Leader of the main Opposition and three other elected members.

2.12 In addition, it will generally not be acceptable for officers to design or approve service reform which requires, or could require them, to be made redundant or to retire early. This will be monitored by a new Corporate Workforce Planning Board which will have responsibility for ensuring consistency of approach across the Council Family and will determine whether such proposals satisfy Best Value considerations. It will also provide for additional scrutiny of proposals for major service reform before they are submitted to the City Administration Committee for approval.

2.13 The Corporate Workforce Planning Board will also provide additional scrutiny of proposals which could be seen to benefit individuals or groups of individuals in order to avoid a perception of vested interest or the potential for a conflict of interest.

### **3 Accounts Commission Section 102 Report**

3.1 The Code of Audit Practice requires auditors of local authority accounts to produce an Annual Audit Report (AAR) summarising the significant matters arising from their audit work. The AAR by the Council's auditors, Ernst and Young LLP, relating to the audit of the 2023/2024 annual accounts was presented to the City Administration Committee at its meeting on [8 May 2025](#).

3.2 The AAR highlighted the significant concerns which had been identified through the independent external review relating to scrutiny, governance and

transparency of decision making in relation to the exit payments made to the five former senior Council officers mentioned at section 2.6 above.

- 3.3 The AAR noted that there was an absence of a clear demonstration of the application of the Nolan Principles for Standards in Public Life in relation to the Restructure Report and acknowledged that the Council was making updates to its governance structures and policy in respect of early retirements and voluntary redundancy. The AAR noted that a key aspect for the Council to address is how it ensures that the Scheme of Delegated Functions and Employee Code of Conduct are applied in practice. The AAR noted that this should include a number of aspects including training, communications and cultural changes.
- 3.4 The AAR was submitted to the Controller of Audit at Audit Scotland as required under the Code of Audit Practice.
- 3.5 Section 102 of the Local Government (Scotland) Act 1973 provides a mechanism for the Controller of Audit to make reports to the Accounts Commission with respect to the accounts of local authorities and to any matter arising from the accounts or from the auditing of those accounts which the Controller considers should be considered by the local authority or brought to the attention of the public. These reports are referred to as a "Section 102 Report".
- 3.6 At its meeting on 14 August 2025, the Accounts Commission was presented with a Section 102 Report by the Controller of Audit in relation to the 2023/2024 audit of the Council's accounts relating to the former senior officer exit packages. Having considered the terms of the Section 102 Report, the Accounts Commission agreed to make findings on the report. The Audit Commission published their findings, together with the Section 102 report, on 4 September 2025.
- 3.7 The findings made by the Accounts Commission were as follows:-
  - (1) *The Commission welcomes the actions of the new chief executive of Glasgow City Council in commissioning an internal review and an independent investigation of these issues following discussions with appointed auditors, and for reporting the findings of the investigation publicly. We note that the 2023/24 annual audit report shows the council has accepted many of the recommendations and look forward to seeing the auditors' review of progress in the 2024/25 annual audit. We expect the council to have strong evidence of good governance, scrutiny, and value for money and to present clear business cases for future restructuring.*
  - (2) *Given that councils are required (under the under Section 4 of the Local Government and Housing Act 1989), to have a 'head of paid service', and that this is ordinarily the post of chief executive, we find it hard to understand how this post was part of a senior management restructuring package, developed in February 2021 (and presented in the 'Restructure Report'), aimed at cost savings and efficiency. Within the final Restructure Report, an*

*Executive Director post, deleted in January 2021, was linked to the early retirement of the chief executive, and subsequently included as part of payback period calculations. As the Brodies report states, the savings associated with the deleted post had already been achieved. Based on the information considered, it is our view that the rationale for the former chief executive's retirement contributing to efficiencies was, at best, unclear.*

- (3) We consider that the restructuring package was dealt with in a manner inconsistent with the Key Principles of Public Life in Scotland, in particular selflessness, integrity and objectivity. The Restructure Report appears to have been approved by some individuals who then benefitted from its proposals. This exhibits a failure to address and document potential conflicts of interest (that should have been obvious to such senior and experienced officers) and displays a lack of judgement in relation to how their actions adhered to the principles. The council should take action to ensure that all officers and members are not only familiar with the principles but that the organisational culture respects and supports them fully. The council must also ensure that independent scrutiny is applied to issues and decisions where there are potential conflicts of interest.*
- (4) Given the seniority of the officers associated with these exit packages, our clear view is that a full report should have been presented to the relevant committee for approval. Within the Scheme of Delegation used during this period, consideration of whether to involve elected members was a 'judgement call' by officers based on whether an issue could be considered politically controversial. Given the significance of the post of chief executive, linking it to efficiency savings should have been subject to independent scrutiny. Had elected members been involved at key stages, their scrutiny could have mitigated some of the justified criticisms around perceived conflicts of interest.*
- (5) As councils continue to face financial challenges, service redesign and restructuring will be a necessary part of responding, so transparency around decision-making is essential. The decisions of elected members and officers should uphold the nine Key Principles of Public Life in Scotland – selflessness, integrity, objectivity, accountability, openness, honesty, leadership, public services, respect. Where decisions around restructuring and exit packages are being taken, councils must ensure there is clear evidence of effective governance, independent scrutiny, and robust and transparent record keeping.*
- (6) It is alarming to see reports which need to consider the lawfulness of actions within councils, and such circumstances do little to reassure taxpayers about how public money is being used. Given the serious issues highlighted in the Controller's report, the Commission considered carefully the most appropriate way to use the powers available to it, including holding a hearing, making recommendations to Scottish ministers or censuring in light of the concerning issues presented. In reaching our findings, we have considered the legal advice provided to Glasgow City Council and the action already taken. On this occasion, we have decided to take proactive steps to*

*ensure that all local government bodies recognise the important lessons presented here, including writing to all council chief executives and leaders to highlight the importance of good governance and transparency in decision-making.*

#### **4 Meeting with the Accounts Commission**

- 4.1 The Leader of the Council and the City Treasurer, along with the Chief Executive, the Executive Director of Financial Services and the Director of Legal and Administration, met with representatives of the Accounts Commission on 1 October 2025.
- 4.2 This meeting was to discuss the findings made by the Accounts Commission and to discuss the Council's intended response to those findings and the proposed scope of this report.
- 4.3 At the meeting the Accounts Commission indicated that that they were very supportive of the approach that had been taken by the Council to this matter and noted that the Council had already addressed the majority of the findings set out in the Section 102 Report.

#### **5 Recommendations Made by the Accounts Commission**

- 5.1 Following the meeting on 1 October 2025, the Accounts Commission confirmed that the majority of what the Commission expects to see in response to its findings is already covered by the audit plan set out within the AAR which was presented to the City Administration Committee at its meeting on 8 May 2025 and that much of this is already in progress through the actions already taken by the Council.
- 5.2 In terms of further recommendations, the Accounts Commissions has confirmed that it would expect the Council to be able to demonstrate the following matters:
  - 1. For future restructuring, evidence of good governance and scrutiny
  - 2. In relation to restructuring, robust and transparent record keeping, especially in relation to governance and scrutiny.

#### **6 Additional Actions taken by the Council**

- 6.1 In addition to the changes made to the operational and governance arrangements relating to early retirement and redundancy of officers of grade 12 and above, as outlined in part 2 of this report, a number of additional actions have been taken to address the findings made in the report by Brodies LLP and in the Opinion provided by Douglas Ross KC.
- 6.2 These additional actions will also address the findings made by the Accounts Commission in the Section 102 Report. Evidence will be provided to the Council's external auditors through the annual audit process as to how the

Council is demonstrating a more robust approach to good governance and scrutiny in relation to future restructuring in order to address the recommendations made by the Accounts Commission.

6.2 The additional actions being taken include:-

- Development of training for officers on the principles associated with exercising decision making under the Council's Scheme of Delegations, with a particular focus on recognising matters that might be considered "*politically controversial*."
- Development of training on the officers' Code of Conduct and compliance with the Nolan Principles, highlighting the need to recognise matters where there may be a potential or perceived conflict of interest.
- A review of cultural and organisational behaviours across the Council Family, with a particular focus on the key themes of leadership; staff; collaboration, learning and listening; ethics and governance. This review will initially provide the benchmark on what the current culture is, and thereafter actions will be agreed to enable the Council Family to move to the desired organisational culture.
- An internal audit is being conducted to review the key controls in the following areas:
  - The Corporate and Service level Scheme of Delegations and associated documents,
  - Functions conducted under the schemes,
  - Paperwork to support functions conducted under the schemes,
  - Training/communication arrangements, and
  - Monitoring of compliance.

The auditor will also examine, and report on, any related issues or control weaknesses identified during this audit.

6.3 Monitoring of progress on the development and implementation of these additional actions will be reported to the Finance and Audit Scrutiny Committee.

6.4 These additional actions will ensure that there is a renewed emphasis on scrutiny and governance and that the Nolan Principles are fully embedded in all aspects of service delivery and decision making across the Council Family. These principles are:-

- Selflessness,
- Integrity,
- Objectivity,
- Accountability,

- Openness,
- Honesty and
- Leadership,

along with the additional two principles of Duty and Respect which, collectively, underpin public life in Scotland.

- 6.5 By taking these actions, the Council aims to ensure that the Nolan Principles remain a visible and consistent benchmark for officer conduct, helping to restore and maintain staff, elected member and public trust and confidence in the integrity of this authority and its senior officers.

## **7 Issues for all Councils**

- 7.1 In making its findings on the Section 102 Report, the Accounts Commission noted that it is vital that all councils take action to recognise the important learnings from the report. The Commission therefore wrote to the Chief Executives of all 32 Scottish local authorities setting out their expectation that the issues highlighted in the Section 102 Report will be discussed by their audit and scrutiny committees and requiring that steps will be taken to review scheme of delegations and decision-making processes.
- 7.2 The findings made by the Accounts Commission recognised that as councils continue to face financial challenges, service redesign and restructuring are key tools available to councils to respond to these challenges. However, transparency and good governance around decision-making is essential.
- 7.3 Where decisions around restructuring and exit packages are being taken, councils must ensure there is clear evidence of effective governance, independent scrutiny, and value for money, as well as robust and transparent record keeping.
- 7.4 Given the Accounts Commission welcomed the actions taken by the Chief Executive of this Council in commissioning the initial internal review, the independent investigation of these issues and the decision to report the outcome publicly, as well as the various actions taken in response to the issues identified, we will offer any advice or guidance which may be of assistance to other councils through our senior officer representation on SOLACE, SOLAR and CIPFA.

## **8 Policy and resource implications** **Resource Implications:**

*Financial:* There are no new financial implications arising from this report.

*Legal:* This report is required under section 103E of the Local Government (Scotland) Act 1973.

*Personnel:* None

*Procurement:* None

**Equality and Socio-Economic Impacts:**

*Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.*

Not Applicable

*What are the potential equality impacts as a result of this report?*

*Please highlight if the policy/proposal will help address socio-economic disadvantage.*

**Climate Impacts:**

*Does the proposal support any Climate Plan actions? Please specify:*

Not applicable

*What are the potential climate impacts as a result of this proposal?*

*Will the proposal contribute to Glasgow's net zero carbon target,*

**Privacy and Data Protection Impacts:**

Are there any potential data protection impacts as a result of this report

The report contains personal data, disclosure of which the council considers is justified under current UK data protection law. The Council considers processing of this data is necessary for the performance of a task carried out in the public interest.

If Yes, please confirm that a Data Protection Impact Assessment (DPIA) has been carried out      A DPIA pre-screening questionnaire has been completed indicating that no DPIA is required.

## **9 Recommendations:**

It is recommended that the Council:-

- 9.1 Notes the content of the Section 102 Report and accepts the findings made by the Accounts Commission as detailed therein;
- 9.2 Notes the actions already taken by the Council to address those findings;
- 9.3 Agrees to accept the recommendations made by the Accounts Commission; and
- 9.4 Agrees the additional actions to be taken by the Council in response to those recommendations.