Audit & Standards Committee

Regularity audit of early retirement / Severance policy

Date of meeting 28 November 2025 **Date of report** 10 November 2025

Report by Chief Executive

1. Object of report

To advise the committee on the findings of a regularity audit of early retirement/severance policy. This engagement was included in the annual Internal Audit plan 2025/2026.

2. Background to report

The Local Government Pension Scheme (LGPS) in Scotland is an important component of retirement planning for public sector employees. It is a funded, defined benefit, statutory occupational pension scheme. SPT is a member of the Strathclyde Pension Fund.

The Local Authority Accounts (Scotland) Regulations 2014 require a Remuneration Report in the annual accounts. Local authorities must include details of redundancy and exit payments in their annual accounts. This includes the total cost of exit packages, and the number of packages agreed upon.

Audit Scotland has issued a number of good practice reports in relation to early exit payments.

The objective of this engagement was to review application, monitoring and evaluation arrangements of early exit policy, particularly with regard to arrangements for senior officers.

This engagement tested elements of the internal controls and mitigation against SPT22: Governance arrangements as identified in the Corporate Risk register.

3. Outline of proposals

SPT complies with The Local Authority Accounts (Scotland) Regulations 2014 Remuneration Reporting requirements.

SPT has early retirement / severance exit policy and procedures in place, namely a retirement policy, early retirement/severance policy and scheme of delegated functions.

Engagement testing found some areas for improvement in accordance with good practice guidance issued by Audit Scotland.

There are areas for improvement which are addressed by recommendations which can be found at Appendix 1. HR management has agreed to implement the recommendations, which are currently being actioned.

Key controls exist and are applied consistently and effectively in the majority of areas tested in this engagement.

Reasonable assurance can be taken from the internal controls in place for the management of early exit policy.

4. Committee action

The Committee is asked to note the contents of this report and agree that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendations to a meeting in approximately six months.

5. Consequences

Policy consequences	*None.*
Legal consequences	*None.*
Financial consequences	*None.*
Personnel consequences	*None.*
Equalities consequences	*None.*
Risk consequences	*As detailed in the report.*
Climate Change, Adaptation & Carbon consequences	*None.*

Name	Lesley Aird	**Name**	Valerie Davidson
Title	**Director of Finance & Corporate Support**	**Title**	**Chief Executive**

For further information, please contact *Iain McNicol, Audit and Assurance manager* on *0141 333 3195*.

Reasonable assurance

APPENDIX 1

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The recommendations from this engagement are listed in the following table. The priorities are defined as follows:

High:	A fundamental control that should be addressed as soon as possible:
Medium:	An important control that should be addressed within three months;
Low:	An issue which is not fundamental but should be addressed within six months to improve the overall control environment.

No.	Recommendation	Priority	Action Proposed	Lead Officer	Due date
1	<u>Policy and procedures</u> The early exit policy and procedures should be reviewed and updated to meet Local Government Pension Scheme and Audit Scotland good practice guidance on the following matters: • organisational change (designations); • workforce planning/business case; • comprehensive guidance should be prescribed on the governance for reporting and approval of any exit payments to senior officers (i.e. Directors and Chief Executive), as current policy is silent on this issue; and • uphold the Principles of Public Life.	Low	Early exit policy and procedures are currently subject to review and will be enhanced, where appropriate.	Head of HR	April 2026

No.	Recommendation	Priority	Action Proposed	Lead Officer	Due date
2	<u>Committee reporting</u> As required in the current Early retirement/severance policy, any and all redundancies / retirements (including ill health) that receive an exit payment should be reported to the Personnel committee, to enhance transparency.	Low	Reports on any and all redundancies / retirements will be presented to the Personnel committee.	Head of HR	April 2026
3	<u>Scheme of Delegated Functions</u> In light of any changes to early exit policy and reporting arrangements, the Scheme of Delegated Functions should be reviewed and updated.	Low	The Scheme of Delegated Functions will be reviewed, updated and enhanced, where appropriate.	Chief Executive	April 2026