

ITEM No ...8.....

REPORT TO: CITY GOVERNANCE COMMITTEE – 16 FEBRUARY 2026

REPORT ON: FLEXIBLE RETIREMENT POLICY

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 22-2026

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek approval to changes to the Flexible Retirement Policy.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee approves the policy as outlined in Appendix 1 of this report.

3.0 FINANCIAL IMPLICATIONS

- 3.1 None

4.0 MAIN TEXT

- 4.1 Currently the Council has a Flexible Retirement policy that was agreed by the Policy and Resources Committee on 24 April 2023 (Article VII of the minute refers).
- 4.2 The Scottish Public Pensions Agency (SPPA) has issued an update circular regarding the Local Government Pension Scheme (LGPS) Flexible Retirement, clarifying employer duties when making discretionary decisions on flexible retirement under the Local Government Pension Scheme (Scotland) Regulations 2018. This report outlines the key changes and implications for Dundee City Council.
- 4.3 Employers are required to have a written policy detailing how discretionary functions, including flexible retirement, are exercised (Regulation 29(7)). Going forward, our policy must ensure that each flexible retirement application is considered on its individual merits. While consistency is important, Heads of Service should remain open to exceptions based on the specific circumstances of each member.
- 4.4 It is not permissible to refuse all flexible retirement requests solely on the basis of cost. Such blanket refusals are legally considered “fettering of discretion.” Each case must be assessed individually, taking into account all relevant facts, such as the applicant’s health, caring responsibilities, and any potential cost savings from reduced hours or responsibilities.
- 4.5 The Pensions Ombudsman has identified “fettering of discretion” as maladministration. Employers must not operate an inflexible policy or deny scheme members the right of appeal. Regulation 71(2) provides scheme members with the right to appeal to Scottish Ministers if there is a disagreement with the employer or administering authority.
- 4.6 If an employer refuses flexible retirement without considering all relevant facts, the SPPA (on behalf of Scottish Ministers) may require the employer to review the decision and provide evidence for their reasoning. The Pensions Ombudsman may also intervene and award compensation if discretion is not exercised properly, particularly if the right of appeal is denied.
- 4.7 For Dundee City Council, it is necessary to revise the existing flexible retirement policy. The revised policy will require that each application is evaluated individually, with decisions based on the specific merits of each case rather than solely on financial considerations. Heads of Service must consider all relevant factors before reaching a decision and document the rationale

for each decision. Applicants must be provided with clear information regarding their right to appeal.

5.0 POLICY IMPLICATIONS

This report has been subject to an Integrated Impact Assessment to identify impacts on Equality & Diversity, Fairness & Poverty, Environment and Corporate Risk. An impact, positive or negative, on one or more of these issues was identified. An appropriate senior manager has checked and agreed with this assessment. A copy of the Integrated Impact Assessment showing the impacts and accompanying benefits of / mitigating factors for them is included as an Appendix to this report.

6.0 CONSULTATIONS

- 6.1 The Council Leadership Team (CLT) was consulted in the preparation of this report. In addition, relevant officers, trade unions, and stakeholders were engaged as appropriate to ensure a comprehensive review and update of the Flexible Retirement policy.

7.0 BACKGROUND PAPERS

- 7.1 None

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

16 FEBRUARY 2026

Flexible Retirement Policy

Policy Statement

The Local Government Pension Scheme (Scotland) Regulations allow 'flexible retirement'. This describes circumstances where, with their employer's consent, a member of the pension scheme who has two years' pensionable service and who has reached the age of 55 reduces the hours they work, or the grade in which they are employed, and receives accrued pension benefits even though they have not retired from employment.

The Council is committed to flexible working in general, recognising that it can bring significant benefits both to employees and service users. It enables employees to achieve a healthy balance between their job and personal commitments, helping to improve their morale and wellbeing and thereby to increase their effectiveness at work. This results in improved customer service, increased efficiency and reduced costs.

The Council supports flexible retirement, because it allows employees a reasonable period to adjust their work/life balance as they approach retirement. It also enables the Council to manage the transfer and replacement of skills and experience.

All applications for flexible retirement will be considered on their individual merits by the relevant Head of Service, in line with the requirements of the LGPS(S) Regulations and guidance from the Scottish Public Pensions Agency (SPPA).

Principles

- **Discretionary Power:** The decision to grant flexible retirement is at the discretion of Dundee City Council. This discretion must be exercised fairly and not be fettered by inflexible policy rules (e.g., blanket refusals based solely on cost).
- **Case-by-Case Consideration:** Each application will be considered individually, taking into account all relevant circumstances, such as the employee's health, caring responsibilities, operational needs, and potential cost savings (e.g., reduction in hours or responsibilities).
- **Evidence-Based Decisions:** Decision-makers must document the factors considered and the reasons for their decision. All relevant facts must be taken into account, and the rationale must be clear and justifiable.
- **Right of Appeal:** Employees have the right to appeal decisions relating to flexible retirement in accordance with Regulation 71(2) of the LGPS(S), which allows appeals to the 'appointed person' on behalf of Dundee City Council, then to Scottish Ministers in the event of disagreement.

Accordingly, when considering requests for flexible retirement, the Council will follow the principles detailed above and will also take account of the following criteria:

- The employing Service will be required to meet all costs, including pension 'strain' costs, arising from a flexible retirement.
- Before agreeing to an application of flexible retirement the council would require an advanced resignation. The period of notice would be equal to period of flexible retirement. The reason for leaving at the end of the period of flexible retirement will be resignation of the employee.
- Where an employee wishes to terminate flexible retirement early or extend the period of flexible retirement this should be discussed with their manager in the first instance.
- A request will not be approved where the proposed change to work arrangements is likely to adversely affect service delivery.
- The granting of a request should assist workforce planning.
- An employee's salary following flexible retirement, when added to their pension payment, must not exceed their original salary.
- An employee may only make one request for flexible retirement within any period of one year unless it is identified as an option to facilitate a service reorganisation/restructuring or there is a significant change in the employee's personal circumstances.

Version Control			
Version:	Date:	Changes	Author
1	1/4/2023		Gillian Milne
2	1/3/2026	Amended criteria regarding discretionary FR	Jane Barry

This page is intentionally left blank

Integrated Impact Assessment

Committee Report Number: 22-2026

Document Title: Flexible Retirement Policy

Document Type: Policy

Description:

Flexible Retirement Policy

Intended Outcome:

Updated Policy which provides opportunities for employees to apply for Flexible Retirement. This would support a phased transition into retirement. The Policy will balance individual needs (health, caring) with service continuity and affordability.

Period Covered: 16/02/2026 to 01/02/2029

Monitoring:

This will be continually monitored by Officers and statistics reviewed regularly.

Lead Author:

Kerry Gethins, Senior Manager, Business Support, Corporate Services,

kerry.gethins@dundee.gov.uk , 01382 434000,

Dundee House, North Lindsay Street, Dundee

Director Responsible:

Paul Thomson, Executive Director, Corporate Services, Corporate Services

paul.thomson@dundee.gov.uk, 01382 434000

Dundee House, North Lindsay Street, Dundee

Equality, Diversity and Human Rights

Impacts & Implications

Age: Positive

This policy relates to those aged (55+) under LGPS Rules/Regulations. All colleagues, who meet the age and other policy criteria as set will be able to apply and be considered for flexible retirement and access their pension earlier, and thus might benefit in terms of the ability to fulfill a work-life balance earlier than anticipated.

Disability: Positive

The policy will allow staff with underlying conditions (which are nonetheless manageable within existing policies) to apply and be considered for Flexible Retirement should this meet with the individual's aspirations and plans around work-life balance alongside managing their condition.

Gender Reassignment: No Impact

Marriage & Civil Partnership: No Impact

Pregnancy & Maternity: No Impact

Race / Ethnicity: No Impact

Religion or Belief: No Impact

Sex: No Impact

Sexual Orientation: No Impact

Are any Human Rights not covered by the Equalities questions above impacted by this report?

No

Fairness & Poverty

Geographic Impacts & Implications

Strathmartine:	No Impact
Lochee:	No Impact
Coldside:	No Impact
Maryfield:	No Impact
North East:	No Impact
East End:	No Impact
The Ferry:	No Impact
West End:	No Impact

Household Group Impacts and Implications

Looked After Children & Care Leavers: No Impact

Household Group Impacts and Implications

Carers: Positive

This policy allows employees who may have caring responsibilities to apply and be considered for flexible retirement.

Lone Parent Families: No Impact

Single Female Households with Children: No Impact

Greater number of children and/or young children: No Impact

Pensioners - single / couple: No Impact

Unskilled workers or unemployed: No Impact

Serious & enduring mental health problems: No Impact

Homeless: No Impact

Drug and/or alcohol problems: No Impact

Offenders & Ex-offenders: No Impact

Socio Economic Disadvantage Impacts & Implications

Employment Status: Positive

The policy may provide opportunities for employees to continue to be employed on reduced hours while accessing their pension.

Education & Skills: No Impact

Income: No Impact

Caring Responsibilities (including Childcare): Positive

This policy allows employees who may have caring responsibilities to apply and be considered for flexible retirement.

Affordability and accessibility of services: Positive

The policy may provide opportunities for employees to continue to be employed on reduced hours while accessing their pension.

Fuel Poverty: No Impact

Cost of Living / Poverty Premium: No Impact

Connectivity / Internet Access: No Impact

Income / Benefit Advice / Income Maximisation No Impact

Employment Opportunities: No Impact

Education: No Impact

Health: Positive

The policy will allow staff with underlying conditions (which are nonetheless manageable within existing policies) to apply and be considered for Flexible Retirement should this meet with the individuals aspirations and plans around work-life balance alongside managing their condition.

Life Expectancy: No Impact

Mental Health: Positive

The policy will allow staff with underlying conditions (which are nonetheless manageable within existing policies) to apply and be considered for Flexible Retirement should this meet with the individuals aspirations and plans around work-life balance alongside managing their condition.

Overweight / Obesity: No Impact

Child Health: No Impact

Neighbourhood Satisfaction: No Impact

Transport: No Impact

Environment

Climate Change Impacts

Mitigating Greenhouse Gases: No Impact

Adapting to the effects of climate change: No Impact

Resource Use Impacts

Energy efficiency & consumption: No Impact

Prevention, reduction, re-use, recovery or recycling of waste: No Impact

Sustainable Procurement: No Impact

Transport Impacts

Accessible transport provision: No Impact

Sustainable modes of transport: No Impact

Natural Environment Impacts

Air, land & water quality: No Impact

Biodiversity: No Impact

Open & green spaces: No Impact

Built Environment Impacts

Built Heritage: No Impact

Housing: No Impact

Is the proposal subject to a Strategic Environmental Assessment (SEA)?

No further action is required as it does not qualify as a Plan, Programme or Strategy as defined by the Environment Assessment (Scotland) Act 2005.

Corporate Risk

Corporate Risk Impacts

Political Reputational Risk: No Impact

Economic/Financial Sustainability / Security & Equipment: No Impact

Social Impact / Safety of Staff & Clients: No Impact

Technological / Business or Service Interruption: No Impact

Environmental: No Impact

Legal / Statutory Obligations: No Impact

Organisational / Staffing & Competence: Positive

Having staff who are flexibly retired allows for proactive workforce planning to be accommodated during the flexible retirement period.

Corporate Risk Implications & Mitigation:

The risk implications associated with the subject matter of this report are "business as normal" risks and any increase to the level of risk to the Council is minimal. This is due either to the risk being inherently low or as a result of the risk being transferred in full or in part to another party on a fair and equitable basis. The subject matter is routine and has happened many times before without significant impact.