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The Scottish Parliament

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17 February 2026

Dear Kenneth Gibson MSP,

### **McCloud Remedy**

Thank you for your invitation dated 17 December 2025 and your helpful clarification of the areas on which you would welcome further information. In the context of Audit Scotland's recently published section 22 report on the Scottish Public Pension Agency's (SPPA) delivery of the McCloud Remedy, I thought it would be helpful to provide you with an initial response to your questions and address the key messages in the Auditor General's report.

### **Response to the Committee's questions of 17 December 2025**

Please find responses to most of the questions raised in your letter of 17 December 2025 in the Annex to this letter. For the second part of your question on the governance and oversight provided by Scottish Ministers, I have referred you to the reply to your letter of 17 December from the Minister for Public Finance. For the initial query on the latest position on McCloud Remedy delivery, I will write again in advance of my attendance at Committee to provide an up-to-date position.

### **Audit Scotland's section 22 report**

The section 22 report was published on 5 February 2026, alongside the SPPA's accounts and annual audit report. I welcomed Audit Scotland's unqualified opinion on our accounts and the audit recommendations contained in the annual audit report. The SPPA continues to work constructively with Audit Scotland and is already taking action to address areas for improvement.

We have considered the content of Audit Scotland's section 22 report, which highlights a number of key messages, and would share our initial reflections below.

#### *Statutory deadlines and the scale and complexity of the work involved*

As set out in my evidence to the Committee in December 2025, the UK Government's original statutory timelines were ambitious and underestimated the challenge of calculating individual

pension illustrations and issuing choice letters to every public pension scheme member who is affected. The Public Service Pensions and Judicial Offices Act 2022, which set the original deadline, specifically gave pension scheme managers the option to extend the deadline for a particular member or class of members, where they considered it reasonable to do so. The SPPA's decision to exercise this discretion, in line with most other public sector pension administrators, followed discussions with The Pensions Regulator and the SPPA's four scheme-specific pensions boards, which represent teachers, police, firefighters and NHS employers and employees.

I understand Audit Scotland's position is that while it is recognised this is a UK-wide issue, the scope of the Auditor General's remit only extends to SPPA and, therefore, Audit Scotland cannot make an informed, comparable assessment of progress in other public sector occupational pension schemes. However, I would suggest that this wider context is important in considering the Auditor General's key messages.

I would refer Committee members to the Minister for Public Finance's comments on the UK Government's approach to the McCloud Remedy in his response to your letter of 17 December 2025 and to the information in the Annex to this letter on the comparative progress in delivering the Remedy in other parts of the UK.

#### *Governance and transparency*

As noted in Audit Scotland's annual audit report, the Audit and Risk Committee's annual report for 2024/25 concluded that it was able to provide assurance to the Accountable Officer that the governance, risk management and control policies and processes are relevant, and in many areas, sufficient and identified a number of areas for improvement. Since my appointment, I have secured additional resources from Scottish Ministers to fully address resourcing challenges that were present within the governance team, resulting from wider organisational recruitment constraints necessary due to budgetary pressures SPPA was facing prior to my arrival. This included additional resource to appoint a Deputy CEO in September 2025 to provide more oversight and support for governance within the Agency. A new Chair for the Audit and Risk Committee has been appointed and they are working constructively with me to address areas for improvement, resetting expectations, and strengthening the Committee's effectiveness. Feedback I have received from the Committee during 2025/26 has been positive, and the improvements are being embedded within SPPA's governance arrangements.

I am confident both the Management Advisory Board (MAB) and the Audit and Risk Committee (ARC) are well placed to undertake their core functions. It is important to recognise that effective governance goes beyond formal meetings. Members of both bodies have monthly meetings with a nominated SPPA colleague on the executive or senior leadership teams. These are important opportunities to understand in greater detail the opportunities and challenges facing the SPPA and to offer advice and support as appropriate. In addition, members of MAB and ARC have a number of informal meetings with other relevant SPPA colleagues to better understand key issues such as risk and performance reporting. I also provide a monthly written report to members between formal meetings, which provides a further opportunity for members to seek assurance or provide constructive challenge, where necessary.

SPPA's departing MAB Chair, Jane Malcom, reflected to me at the conclusion of her eight-year term in January this year that:

“The more robust governance you have put in place has also played its part in strengthening the organisation, particularly the introduction of much closer and richer working between staff colleagues and MAB and ARC members. The partnership arrangements between executive colleagues and non-execs, supported by the detailed monthly CEO updates and performance dashboards, have been a great way of tapping into members' expertise, week in week out. Along with reviewing the governance framework and terms of reference, it's given us all a much clearer basis on which to work.”

*Jane Malcom, in an email to Dr. Stephen Pathirana, SPPA CEO, 28 January 2026*

### *Communication of progress and targets*

The SPPA recognises the importance of providing clear, accessible and balanced information to members, stakeholders, and the wider public on the progress of Remedy delivery. The scale and complexity of the McCloud Remedy across all four Scottish schemes, the volume of members affected, and the evolving UK-wide policy and data environment have been communicated to the scheme pension boards, direct to members and to the Scottish Parliament throughout. To date, SPPA has:

- **issued letters to all eligible members** advising them about the Remedy and that they would have a choice to make. The SPPA sent letters to all active members in 2022, and to retired or deferred members in 2023, once the detail of the Remedy was known;
- **established online Remedy hubs** for each scheme to provide members with a ‘one stop shop’ for information and guidance. The hubs are updated regularly and follow the pensions journey, making it as easy as possible for members to find information relevant to them;
- **established communications sub-groups** across all four schemes involving employer, member and union representatives to assist with our communications delivery;
- **introduced member newsletters** (active and retired versions). We have issued 24 member newsletters over a two-year period across the four schemes;
- **delivered a series of member webinars** from April 2024 to March 2025. A total of 12 webinars were delivered with high customer satisfaction ratings: total positive satisfaction rate of 91%;
- **produced a range of resources** to help members make a Remedy choice, these include: comprehensive guides to explain RSS and ABS-RSS; videos taking a step-by-step approach to understanding your RSS; and FAQs; guides and a video for police and firefighter scheme members to explain why contributions have been impacted and how to make contribution adjustments;
- engaged an external supplier to provide **specialist tax support via webinars** for members who may have tax implications because of Remedy; and
- **increased our direct to member communications in recognition of the need to extend the delivery timelines** by contacting members awaiting their RSS directly with an email or letter update. The first batch of these was issued in March 2025 to police members and in October we started issuing direct to member updates across all four schemes. Direct communications are also being sent to active members still awaiting an Annual Benefit Statement-RSS.

The SPPA continues to seek and respond to feedback on ways to improve our communications. We will continue to enhance the clarity of published information, scheme-specific updates and progress reporting on Remedy delivery.

I hope this information is helpful for the Committee in advance of the meeting on 17 March 2026. I look forward to the opportunity to respond to any further questions during the session.

Yours sincerely

**Stephen Pathirana**  
**Chief Executive**

## Responses to the Committee's questions of 17 December 2025

### Terms used

We have provided a short explanation of terms used when referring to different cohorts of members impacted by the McCloud Remedy to assist understanding of the responses below:

- **Immediate Choice (IC) cohort:** members who have already retired and are receiving a pension from one of the police, fire, NHS or teachers' pension schemes, calculated correctly at the time of retirement. These members are eligible to make an 'immediate' Remedy choice. SPPA must retrospectively calculate both legacy and reformed scheme benefits for past service, issue a Remedy service statement (RSS), and put each member's choice into payment. This involves recalculating historical entitlements, applying interest, addressing tax implications and, in some cases, correcting payments in place for several years. We had information and data at the time of retirement pertinent to the terms and conditions at that time. We have had to revisit that data and, in some cases, request further information to calculate their entitlement under the reformed schemes rules. These cases are technically complex and require a high level of assurance.
- **Active cohort:** these are members who are still working and contributing to one of the police, fire, NHS or teachers' pension schemes. These members are entitled to receive an Annual Benefit Statement (ABS) combined with a Remedial Service Statement, which is being provided in a new document known as an ABS-RSS. The ABS-RSS provides members with benefit estimates for the final salary (legacy) scheme and reformed (CARE) scheme for the Remedy period so they are better informed to make a choice regarding the benefits they wish to take for the Remedy period when they retire. While these cases still require dual calculations, they do not typically involve retrospective adjustments to payments already made, which reduces operational and tax complexity.
- **Deferred choice (DC) cohort:** these are members who were a member of the police, fire, NHS or teachers' pension schemes during some or all of the Remedy period but are no longer paying into the scheme (i.e. no longer an active member). Deferred members are also entitled to be issued with an ABS-RSS and can request an updated one each year until they claim their pension. As with active members, the Remedy choice is made at the point of retirement before benefits are put into payment. While these cases still require dual calculations, they do not typically involve retrospective adjustments to payments already made, which reduces operational and tax complexity.

SPPA also categorises cases according to how complex the members circumstances are:

- **'Simple'**: cases involve one or two categories and can be fully automated, meaning they take five to 10 minutes to process once the calculation capability and automation are delivered.
- **'Moderate'** cases involve up to four categories and need two to five hours to process manually.
- **'Complex'**: involve up to 12 categories, require manual checking, and can take more than eight hours to process. Factors which can make calculating statements more complex include changes in marital status, job changes, changes to work patterns, absences from work and ill-health.

## Responses

- 1. Progress as at end of February 2026 in delivering the McCloud Remedy, including up-to-date numbers of cases resolved and which remain outstanding, broken down by scheme and by retirees and those still in service.**

*To follow*

- 2. Evidence that the SPPA has a clear structure in place to prioritise the cases of those most in need, particularly those in or near retirement and justification for the approach taken.**

Within the Remedy Programme there are essentially 12 projects: one per pension scheme for each of immediate choice, active and deferred choice. From the outset, our intention has been to prioritise those most materially affected by the Remedy – i.e. those already retired, close to retirement, ill-health retirees and deceased member cases.

Work continues concurrently across all Remedy projects, which are reviewed quarterly, and resource allocation and prioritisation decisions take into consideration cyclical pressures within business-as-usual operations, such as the production of annual benefit statements or the summer peak of teachers' retirements. The top priority for the Remedy programme in this and the next quarter is to complete police immediate choice. This is followed closely with meeting the respective targets for the other three immediate choice projects (fire, NHS and teachers).

The following programme level objectives assist further prioritisation and decision-making:

- Protecting core 'business as usual' operational minimum standards (i.e. making pension payments and processing applications for retirement on time).
- Getting it right first time – providing accurate and clear statements/information and support for members to make informed Remedy choices.
- Communicating progress clearly to members and stakeholders.
- Ensuring we can process Remedy decisions once made.
- Meeting statutory deadlines.

*Why many 'simple' cases, many of whom are active members, have received their RSS before those more complex and retired members who stand to be most materially affected by the Remedy.*

SPPA's approach to RSS production involves building basic calculation and automation processes for the simplest cases first, ensuring the fundamentals are correct, then applying those calculations and automation across as many members as possible. Therefore, simpler cases can often be completed earlier because the necessary calculation logic is available sooner. This reflects the staged development of capability rather than a shift in our prioritisation.

This approach is also important in ensuring we 'get it right first time' and 'we can process decisions once made.' The first 'layer' allows us to get the basics right before we then build on further layers to deal with moderate cases. As each layer of functionality is developed, tested and assured, it enables us to process more complex cases as we go. For example, in the case of the police scheme, the Agency has developed 27 calculators, assured by the

Government Actuary's Department, for the 12 different categories that might apply. Each calculator takes up to four months to develop.

More complex cases - including many retrospective immediate choice cases - require additional system development, data remediation and tax handling capability before they can be processed with necessary assurance. As each specific layer has its own assurance, this approach also increases quality control in the more complex scenarios. This ensures that when we reach the most complex and high-impact cases, we do so with the necessary robustness and assurance. Finally, this automation also means that once a member has made their Remedy choice, which may be several months later, we can re-run the process to provide the final calculations based on up to date, exact figures.

### *Why the police scheme is further forward*

The data within the police scheme was generally in a better position than other schemes, this is mainly due to Police Scotland being a single employer which sends its data to us monthly. This differs for NHS and teachers where we receive their data return annually. Whilst we do also receive SFRS (fire) data monthly, we needed to receive backdated information from SFRS before being able to enable Remedy processing. Data for police retirals is also predominantly retained in the system, whereas other schemes provide member retirement data which can be held off system, therefore it was easier to access police retired member information to be 'scraped' by automation tools in the feasibility phase. As automation was also new for the agency and we had limited resources, a pilot in one area to test the feasibility and process rather than rolling out across all schemes concurrently was a sensible choice.

For these reasons, when it became clear in late 2023 that it would not be possible to provide a deliverable solution for police or fire Remedy immediate choice within the existing systems, the decision was taken to move to develop automation options for police and fire (it was already clear that off-system approaches would be required for NHS and teachers). Following deep dives on proceeding with automation for all four schemes, it was identified that work on the police scheme could proceed the most quickly given the data quality meant there was a simpler scope, size and complexity of work required for that compared to the other three schemes. The work on police assisted SPPA's understanding and confirmed the feasibility of progressing with automation as a solution and allowed time for the other scheme data to go through cleansing processes to aid automation, supporting SPPA's work on solutions for the other three schemes.

### **3. Reassurances that the Committee and those affected can have confidence in the new timetable for delivery given the repeated delays.**

SPPA acknowledges that repeated changes to timelines have impacted confidence in our delivery. Our current revised timetable is grounded in a more mature understanding of the technical, data and operational complexity of the programme:

#### *i) More robust delivery planning, based on progress and lessons learned to date*

Over the past year, we have moved from high-level projections based on assumptions to detailed, bottom-up delivery planning based on verified data readiness and tangible progress in our development of systems capability to date. Our plans are sequenced

around specific cohorts, with a fuller understanding of technical dependencies taken from our process to date. This approach enables us to provide firmer short-term certainty on delivery milestones, while retaining transparency about any residual risks over the longer term.

*ii) Additional recruitment and targeted capability*

We have recruited about 100 additional staff - an increase of more than 30% - to help release experienced colleagues to focus on complex work to support Remedy, including in technical pensions calculations, quality assurance and project delivery and governance. This has improved resilience across workstreams. As capability has increased, we have been able to run multiple strands of Remedy activity in parallel, rather than executing some aspects of workstreams sequentially.

*iii) IT and system development*

A significant proportion of earlier delay related to the need to build new calculation functionality into systems which were not originally designed for retrospective dual-benefit comparison. Core calculation components are now in place and have been tested in live casework. As functionality has matured, we have been able to expand the range of cases which can be processed. Advances made in the police scheme have achieved economies of scale that are benefiting work across firefighters, NHS and teachers. Future delivery is, therefore, less dependent on fundamental regulatory, calculation and technical development and system build and more focused on controlled scaling.

As previously advised, we have engaged with the Scottish Government's Centre of Excellence on Automation and partnered with it to facilitate the production and application of our RSS. We have made productivity and quality gains by automating the population of our statements. We have also been able to adjust the automation process to now support initial population of more complex manual cases. This assists our ongoing production and timeliness for more complex cases by ensuring efficiency and accuracy of data inputs to support our manual calculations before RSS production.

*iv) Improved member communications*

We have increased the frequency and specificity of communications to affected members, including regular written updates and clearer explanations of cohort sequencing and impact. Where possible, we are now providing more tailored information rather than broad updates. We recognise that transparency must accompany delivery if confidence is to be rebuilt, and we are committed to maintaining regular public reporting on progress.

**4. A. The regularity of meetings held between SPPA Chief Executive and the Minister for Public Finance on progress in delivering the McCloud Remedy, including the next planned meeting and the items on the agenda for that meeting.**

The SPPA's Chief Executive has met the Minister for Public Finance on a quarterly basis since stating in post in May 2024. Progress on delivering Remedy has been discussed at each of these meetings as well as wider matters relating to the Agency's delivery of its functions. In addition, Dr Pathirana has, since 2025, provided monthly progress reports that include updates on Remedy.

Mr McKee also took time to visit SPPA's offices on 27 August 2025 and heard first hand from the project delivery team as well as learning more about our plans for digital improvements.

The next scheduled meeting between the SPPA Chief Executive and Minister for Parliamentary Business is on 18 February 2026, with an agenda focused on a "deep dive" of McCloud Remedy delivery in the police pensions immediate choice cohort, member communications and engagement, and SPPA resources.

**B. Further seek information on the support provided and challenge function performed by the Minister and the Scottish Government in relation to this matter.**

*Please see the letter from the Minister for Public Finance in response to your letter of 17 December 2025.*

**5. Comparative figures on progress in delivering the Remedy in other parts of the UK and details of how the organisation is benchmarking its performance in relation to delivery of the Remedy against other public companies and private companies.**

In response to a recent Parliamentary Question, the Minister of State confirmed that as of 6 November 2025 the total number of RSS issued across all cohorts for the teachers' pension scheme for England and Wales was 70,616, with 71,955 remaining outstanding (49.5% delivered).<sup>1</sup> Recent National Police Chiefs Council figures for police schemes show 96% delivery at December 2025, with members entitled to make an immediate choice making up a large proportion of the remaining cases. Of the remaining 4,401 RSS, forces estimate that 75% will be completed by the end of March 2026.<sup>2</sup>

We also understand that at least three public sector schemes in the UK, including the equivalent NHS and teachers' pension schemes for England and Wales, are still to set clear revised deadlines for the completion of the immediate McCloud Remedy work.<sup>3</sup> From discussions, many are finding it challenging to minimise impact on delivery of their normal retirement processes. As mentioned previously, SPPA took the decision to deliver Remedy in a way that means we can process members choices quickly once made. We are aware from discussions that other administrators have taken the decision to issue RSS without the necessary capacity or capability to put those choices into payment timeously.

We have asked the UK Government for comparative statistics on Remedy delivery across public sector occupational pension schemes in the UK but understand this information is not gathered centrally. Our understanding of progress in other schemes is, therefore, taken from discussions with those schemes; through public statements made by those schemes, including information on their websites; updates from the UK Government to the UK Parliament; and media reports.

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<sup>1</sup> [Written questions and answers - Written questions, answers and statements - UK Parliament](#)

<sup>2</sup> NPCC Police Pensions Bulletin 28 12/02/2026

<sup>3</sup> [NHS Pensions: McCloud Implementation - Hansard - UK Parliament](#)

- 6. A projection of when the SPPA expects to return to ‘business as usual’, and**
- 7. information on the performance of the SPPA in the five years up to it starting work on the McCloud Remedy, including the organisation’s digital readiness and capability.**

SPPA expects to see all elements of service move to expected performance levels over the next two years, on a rolling implementation, with a stated aim to build a more resilient service rather than simply return to a pre-existing baseline.

SPPA entered the McCloud Remedy period with preexisting operational challenges caused by the failure of the system procurement in 2017-2018. This meant SPPA had to extend the contracts for existing systems and divert staff to migrate a payroll system and make other systems improvements. Covid then heightened these operational challenges, which were further compounded by a recruitment freeze due to budget constraints and the loss of key staff. The reduced organisational capacity ahead of McCloud preparation affected data quality due to compressed migration timelines and sustained or increased manual handling of high volume data.

This meant that implementation of the McCloud Remedy required the organisation to map, test and build remediation processes around known gaps in systems, data and operational workflows. Operationally, this required increased effort across three fronts: maintaining business as usual performance, correcting data and process issues, and developing Remedy itself.

SPPA has taken the opportunity to resolve these issues in a way that both delivers the required Remedy outcomes and strengthens long term operational resilience. There are some green shoots that indicate organisation benefit. For example, the time required to process a basic NHS pension calculation has reduced from one to two hours to minutes through a new SPPA-developed calculation module. A digital retirement application form is now in testing and will potentially allow a proportion of NHS retirement applications to progress from receipt to payment with minimal manual intervention.

Over the next two years, SPPA expects to finalise this range of remedial and foundational work, alongside Remedy delivery, to allow the transition to a fully stabilised and modernised operating model. This will not represent a return to the position prior to these challenges, but a move to a more resilient, efficient and future-proofed service - for the most part with improved service timelines.

- 8. The date on which response times for clients requesting pension projections (unaffected by the Remedy) will return to pre-Remedy timescales.**

To manage the demands of delivering both the McCloud Remedy, business as usual and other statutory projects we are currently only providing estimates on demand for members who are six months from proposed retirement. Instead of moving back to what we offered before, we are working to put that capability in the hands of scheme members by offering an improved digital service.

As set out in the response to point 6 above, the SPPA has prioritised the development of improved and more resilient self-service options for clients, reducing reliance on manual processing and helping ensure long-term stability in service delivery. In 2025, the Agency started work with the Government Actuary's Department to develop Remedy-compliant pension projection modellers designed to allow members to enter their intended retirement information and receive an instant estimate of their pension benefits.

These enhanced digital tools are now online or in planning to come online. The revamped modeller for the police scheme was launched in August 2025, followed by the NHS modeller in December 2025. Work is also progressing on the corresponding modellers for the teachers and fire schemes.

As the full suite of Remedy-compliant modellers becomes available across schemes, we expect a significant reduction in the volume of manual pension projection requests. This will enable SPPA to return to pre-Remedy response timescales for any remaining manual estimates. While an exact date will depend on the completion of the teachers and fire modellers and the subsequent reduction in demand for manual calculations, we anticipate a progressive improvement throughout 2026-27 as digital self-service becomes the primary route for members seeking estimates.

The Committee should also be aware that from 31 October 2026, SPPA is required to provide live member data and make it available as part of the UK Government's pensions dashboard programme. The Pensions Dashboard is designed to allow people to view their occupational, private and state pension entitlement securely online and in one place. This will also help improve access to information for SPPA's various scheme members. More information on the pension dashboard programme is available at the website: <https://www.pensionsdashboardsprogramme.org.uk/>.

**9. All business cases submitted to the Scottish Government in the last 10 years to enable the SPPA to properly update its digital systems.**

The SPPA would not usually submit business cases to the Scottish Government. Where SPPA has identified the need for digital/systems investment through a business case, any additional funding requirements would be considered through the usual budgetary processes.

**SPPA**  
February 2026