



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Finance and Public Administration Committee

**Tuesday 2 December 2025**

**Session 6**



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**FINANCE AND PUBLIC ADMINISTRATION COMMITTEE**

**33<sup>rd</sup> Meeting 2025, Session 6**

**CONVENER**

\*Kenneth Gibson (Cunninghame North) (SNP)

**DEPUTY CONVENER**

\*Michael Marra (North East Scotland) (Lab)

**COMMITTEE MEMBERS**

Ross Greer (West Scotland) (Green)

Craig Hoy (South Scotland) (Con)

\*John Mason (Glasgow Shettleston) (Ind)

\*Liz Smith (Mid Scotland and Fife) (Con)

\*Michelle Thomson (Falkirk East) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Clare Adamson (Motherwell and Wishaw) (SNP)

Iain Coltman (Scottish Public Pensions Agency)

Frances Graham (Scottish Public Pensions Agency)

Dr Stephen Pathirana (Scottish Public Pensions Agency)

**CLERK TO THE COMMITTEE**

Joanne McNaughton

**LOCATION**

The Robert Burns Room (CR1)



# Scottish Parliament

## Finance and Public Administration Committee

Tuesday 2 December 2025

*[The Convener opened the meeting at 10:00]*

### McCloud Remedy

**The Convener (Kenneth Gibson):** Good morning and welcome to the 33rd meeting in 2025 of the Finance and Public Administration Committee. We have apologies from Craig Hoy, who is unable to attend the committee meeting today. We have also been joined by Clare Adamson, who has an interest in this particular issue.

The first item on our agenda is an evidence session with the Scottish Public Pensions Agency on the delivery of the McCloud remedy in Scotland. We are joined by the following witnesses from the Scottish Public Pensions Agency: Dr Stephen Pathirana, chief executive officer; Frances Graham, chief transformation officer; and Iain Coltman, head of pensions policy. I welcome our witnesses to the meeting and invite Dr Pathirana to make a short opening statement.

**Dr Stephen Pathirana (Scottish Public Pensions Agency):** Thank you, convener. It is really good to be here today.

I am grateful for the opportunity to discuss our work on remedy and the discrimination that was caused by the United Kingdom Government's 2015 pension reforms. I hope to outline the progress that I have made since starting my role 18 months ago and the remaining challenges that the SPPA and other pension administrators face.

I will start by acknowledging the impact of delays on our members, and I am sorry that many of our retired members are still waiting for their choice when they expected to have it by now. I understand that that will have been especially upsetting in certain circumstances.

Delivering the McCloud remedy has been and remains a huge undertaking. It requires us to provide a choice statement called a remediable service statement, or RSS, to approximately 215,000 members—a third of our membership. When compared to our normal business of assisting 12,000 people a year in their retirement, that represents a significant increase in workload. The UK Government's original statutory timeframes were ambitious and underestimated the scale of the challenges. The SPPA is not alone in having taken the opportunity to extend the

timelines. For example, the UK Government Minister of State for Health issued a statement on 31 March extending the deadline for the national health service pension scheme to July 2025, and then issued a further statement on 1 July this year confirming that the extended deadline would not be met and that a revised timetable would be made available once agreed.

Of the 215,000 people who are due to get a statement, we have so far issued statements for more than 110,000. For the majority who have not yet retired, the statement will help them understand the remedy choice that they will need to make when they retire. It will allow the 65,000 retired members to make an immediate choice. All those members will already be getting their full pension based on the rules when they retired. The majority will already be on the best-value pension. Where their choice means a higher pension, they will receive arrears, including 8 per cent interest paid for by the UK Government.

Very little preparatory work was possible following the McCloud judgment in 2018, as the primary legislation was not laid until March 2022, and the detailed regulations setting out what we needed to do were not in place until October 2023. Since then, we have worked with employers, member representatives, our pension boards, the Government Actuary's Department and other UK pension administrators to develop our understanding of the key challenges and build innovative, reusable and actuarially assured solutions to carry out the calculations that are necessary to give members their choices and, crucially, put those choices into payment; to seek and process further necessary data and information from employers and members; and to work with the UK pension administrators to get guidance on tax treatment from the UK Government, some of which only came through after the original May 2025 deadline.

We continue to balance providing members with a better idea of when they may be able to receive their choice, with the need to recognise that timetables may move as we work through the remaining complexities of delivery. At present, we are more than 85 per cent complete on police, and I expect this to be completed by the first part of next year. We expect to start issuing firefighters' remediable service statements before the end of this year, with most statements issued by the middle of next year and the work completed by the end of 2026. We are targeting 40 per cent completion of the NHS work by the end of March next year, with the bulk of that completed in 2026. For teachers, we are targeting 25 per cent completion by the end of this year and, again, expect to have the work completed before the end of 2026.

As an organisation, we have gained valuable experience and are making good progress against our revised timelines. We continue to take steps to improve member communications and innovate with digital improvements.

Thank you for the opportunity to set out our progress to date in broad terms. I look forward to answering any questions you may have.

**The Convener:** Thank you for that opening statement. Although it was helpful, it has generated a number of questions. For example, we wrote to you earlier this year, and the response that was sent on 2 April 2025 says:

“we aim to have all work completed for all schemes by 31 October 2025”.

That seems to have been incredibly optimistic, given the information that you have given us today. For example, 105,000 of the 215,000 cases still seem to be outstanding. I do not want to ask you multiple questions straight away, but I wonder why 85 per cent of all police cases will be dealt with by 31 March, but, by the end of this year, only 40 per cent of NHS cases and 25 per cent of teacher cases will have been dealt with. Can you tell us why, in the spring, you thought that it would be completed by 31 October and it is clear that they will not all be completed even by next year, and also why different groups have different timescales for delivery?

**Dr Pathirana:** There is a lot in that, so it might be better if I break it up into bits to answer. It is fair to say that we have uncovered a lot of complexity as we have gone along. If I go back to 2022, the primary legislation provided the framework and set out initial timeframes, but it did not provide the clarity that was needed by administrators to design the solutions. That clarity was dependent on subsequent regulations being made, including specific regulations on tax. Those regulations required additional guidance and clarification guidance, some of which crystallised only in late May this year, well after the original timeframe. All of those things were coming to light in that period.

With that necessary clarity in place, a key part of what we had to do was develop calculators to better issue those remediable service statements. Some of the complexity that I have mentioned did not come to light early on. I will offer an example by way of illustration. For police—that is the one on which we have made most progress—there are 12 different categories that might impact an officer’s remediable service statement. The important thing to understand within that context is that an individual officer may fall into more than one category. Therefore, just for the police alone, we have had to develop 27 different calculators. Each calculator goes through a cycle of development and assurance from the Government

Actuary. That can take about four months, and we have been running several of those calculation assurances in parallel.

In addition to that, we have had to work with our system providers to build the various bits of additional functionality that we needed. We have worked with the Scottish Government automation team to develop automation that speeds up the process. Within that, individual members—again, I am using police as an example—fall into three categories. Simple cases fall into two different categories. Those involve high-volume work, and we can use automation to deal with those—they take between five to 10 minutes per person in terms of manual processing time. Moderately complex cases might fall into up to four categories, and there are more complex calculations in relation to those. In addition to the automation, we can apply part automation. It takes about two and a half hours per individual case to do the manual processing. Complex cases, where up to 12 categories might apply to an individual, are a tiny number and the processing might take in excess of eight hours.

We have learned through our work on the police, and the reason why those cases were progressed most quickly is largely because the quality of the data that we had at the start was the best, and—

**The Convener:** Are you saying that a lot of the police are five to 10-minute cases, whereas others are taking eight hours?

**Dr Pathirana:** Within every scheme, there is a mixture of simple, more complex and very complex cases. We were able to make progress on the police cases more quickly than the others, partly because the data that we held from employers and members was of better quality to start with and we had to do less cleansing work to kick off the exercise. Through that process, we have learned about all the different complexities.

In March this year, we did not have that understanding of the complexities—I stress that none of the other administrators across the UK had that understanding either, so they were putting out similar timeframes. It is only through the process of doing what we have done that we have reached the place where we have a much better understanding of the complexity and are able to work through that.

**The Convener:** Okay. I find it remarkable that no one seemed to realise how complex it was going to be until May of this year. If processing takes five minutes for some and eight hours for others, that means that some cases take 96 times longer than others. Have all those that take five minutes been done?

**Dr Pathirana:** They have all been done for police and we are working through the remaining 15 per cent of police cases.

**The Convener:** What I am saying is, given the huge number of people involved, are you trying to at least get the easy ones off your desk?

**Dr Pathirana:** We are. We have made more progress with the police than we have for the other schemes and, as I said, the schemes are not uniform. There are other complexities that we are having to work through for the NHS scheme, for example. We have issued about 10,000 of the roughly 40,000 NHS statements so far, and we are working towards 40 per cent by March next year as we work through the different steps of complexity and the different builds we need to do.

**The Convener:** That tells me that it will still take at least until 2027 to get through that cohort. How many staff do you have working on this? You originally said that you are now dealing with a huge workload of 215,000 cases on top of your normal workload of about 12,000 a year. How many staff did you have initially and how many do you have now to help you get through this? One would have thought you would have had to ratchet up the number of staff that you have on board to address the situation.

**Dr Pathirana:** We have had to ratchet up the number of staff. From 2023, we have been putting resources in place. We have brought in roughly 100 people in addition over that timeframe.

**The Convener:** How many did you have originally?

**Dr Pathirana:** We had 300.

**The Convener:** You have increased from 300 staff members to 400, but you have gone from 12,000 cases a year to this monumental number. Your staff are clearly having to be considerably more productive than perhaps they were before. I do not want to be facetious, but you are talking about a huge amount of additional work. It does not seem to me that you have all the people you need. Is that fair to say?

**Dr Pathirana:** There are two parts to that, and I will ask Frances Graham to share details of some of the work that we are doing around automation, which allows us to do some of the bulk activity—processing the simpler cases involves a lot of automation.

I think it would also be helpful to share with you that, when I came into the organisation 18 months ago my assessment was that we did not have all the people resources and financial resources that we needed to take the work forward. Therefore, I paused all work in the organisation that was not time critical so that I could divert resources to remedy at that point, I made the case to ministers

for additional funds to support the work that we needed to do and I started a process of further recruitment. That recruitment continues, as we need to bring in more resources over the coming year, specifically for some of the manual processing that we still have to do.

Obviously, we need to bring in pensions administrators to assist us. It is important to note that our pension administrators' skills have been built up over years of practice. We have some really brilliant expert people in the organisation. Those are the people I need working on remedy, because they understand the complexity here. It takes about a year to train new administrators to the point where they are as productive as they can be. We have been bringing in those new staff members to work on the simplest stuff—the normal business as usual delivery—to free up the people who are able to work on the more complex stuff.

I have also been bringing in people with specialist skills, particularly in key roles, to reduce the dependence on contractors that we had at the start and to improve the programme governance in the organisation. I have also acted in that time to strengthen the leadership capacity in the organisation, bringing in a dedicated chief operating officer to deal with business as usual, so that we are not losing sight of what we need to do there.

10:15

I have brought in a chief transformation officer, Frances Graham, who is responsible for remedy and other improvement programmes, and a deputy chief executive who has responsibility for governance and policy. All of those actions support our delivery of the McCloud remedy and build resilience within the organisation.

Frances Graham, could you share a little bit about the automation, which is a key part of how we are approaching delivery?

**Frances Graham (Scottish Public Pensions Agency):** As Stephen Pathirana said, as we started to approach the remedy process, it was clear that we had a number of cases that we needed to process and that the time that it took to process them was incredibly time consuming. I worked with the Scottish Government automation centre of excellence, which is doing automation pilots. It has been quite groundbreaking in a way because we normally use automation for high-volume, low-complexity cases. Even in relation to the low-complexity cases that Stephen Pathirana talked about, it would still take an hour to two hours to reverse engineer the process and reverse engineer the payment. We have started automating the simpler cases where members are

unlikely to change or where they will make a change quite simply.

We are still going through that process. We are still building the automation because it takes quite some time, but that allows us to process a case in five to 10 minutes, sometimes 20 minutes, when it would normally take an hour and a half to two hours to process. The automation is enabling cost avoidance equivalent to up to 140 full-time employees who would take over a year from now to start to process that work.

**The Convener:** As colleagues are keen to come in, I will not continue to hog the questioning, but I just want to tell you what someone wrote to me. This is someone from Fife, so she is not one of my own constituents, but what she has said shows the human impact of this. She says:

"I have been (early) retired from teaching since August 2022 and have had no choices yet ... at the rate of pace shown in the latest FOI request ... I'll be at least 124 years old if the process isn't speeded up!

I'm a widow on a meagre pension"

with three sons at university, two of whom are studying to be doctors. She goes on to say:

"I am supplementing my income and my financial support for my sons during university ... with my husband's life insurance payout—he died seven years ago ... I urge you, please, not to allow SPPA to fob you off with words like 'complex', 'update', 'apology' ... instead to encourage a mindset of 'here's what we can do to give those pensioners the money they are due'.

I cannot put into words how frustrating and helpless I feel and how much anger each update and apology brings."

She also says:

"the interest payments of 8% would be lower and the complaints department ... would not be as busy"

if the matter was resolved early.

That woman is giving you her personal view. I think, from what you have said this morning, that she will not be 124 years old by the time the process is finished, but you can hear the exasperation, and it is going to take at least another two years, perhaps.

**Dr Pathirana:** Police, fire and teachers should all be completed in the coming year, but we expect some of the NHS cases to run into 2027.

As we go through the process, and I have more confidence, I might be able to bring those timeframes forward. However, I do not want to make promises to the committee or to you, convener, on accelerating timeframes when we still have lots of work to do.

**The Convener:** I think that there have been enough false dawns. Given what has been said about automation, new recruiters et cetera, how

many cases overall are currently being processed?

**Dr Pathirana:** How many cases?

**The Convener:** Yes, in a week.

**Dr Pathirana:** Frances, can I ask you to take that question?

**Frances Graham:** It is difficult to put a figure on the number of cases processed in a week. We have a number of cases that we need to work through, and they fall into different cohorts with different needs—

**The Convener:** Indeed, but it is all about what goes out the door at the end of the day. It is not about saying, "Some cases take five minutes, and others take hours." If there are 105,000 cases and you are processing 1,000 a week, you do not have to be a mathematician to say that it will take two years. If you are processing 1,500, it will take a year and a half. I am just wondering where we are on that. People out there who want this process to be concluded are looking for some kind of hope and resolution, and this would at least let them know that the sausage machine was progressing at this or that rate.

**Dr Pathirana:** I am just trying to think about how we could break that down. Obviously we are talking about lots and lots of different things across different schemes.

**The Convener:** I know that, but you must be able to assess individually what has happened this week, this month or whatever.

**Dr Pathirana:** We do track things—what I am not able to give you is an overall figure. For example, when we are ready to process a certain batch, we can do so very quickly. Things move in steps through the process. As I said earlier, we expect to be 40 per cent of the way through the NHS cases by March next year.

**The Convener:** Yes, but if you know that you are going to be 40 per cent of the way through by that time, and you know how many people are in the cohort, surely you know how many you need to progress each week to reach that figure.

**Dr Pathirana:** We are using automation, and the process is not even. We will prepare and test the automation and check that all the systems are working, and then the actual processing and issuing happens quickly. Putting that into practice, I can give you the example of our progress on the police cases. We had tranches of thousands that we processed, literally very quickly, but then we needed to do additional work.

**The Convener:** With regard to the police cases, you will come to this magic figure of 85 per cent in March, but you do not know how many each week you will be progressing between now and then.

**Dr Pathirana:** We have already processed 85 per cent of police cases.

**The Convener:** Apologies—I am trying to get my head around all the different percentages. I thought that you said that you will have processed 85 per cent of police cases by 31 March next year, 40 per cent of NHS by March and 25 per cent of teachers by the end of 2025. Am I wrong in those figures?

**Dr Pathirana:** Yes. Sorry, convener—I might be saying them wrong.

**The Convener:** No—it is me scribbling all these things down, I suppose.

**Dr Pathirana:** We are 85 per cent complete for police cases, which involve manual processing.

To help you understand, I just want to share a couple of things with which we are still wrestling when it comes to the police cases. We are still waiting for ill-health reassessments to be done for certain police officers by Police Scotland's provider for ill-health reassessment. Those are not coming back to us at the speed that they need to, and we can process a police manual case only when those reassessments arrive. Therefore, we have that time dependency on others.

We expect all the police cases to be completed by the early part of next year. We have approximately 700-odd cases; I could put a weekly figure on that, but it will not come out weekly, if you know what I mean. It will vary week to week exactly how many get done.

**The Convener:** If you have 700 left and 85 per cent have been completed, that means that there were only about 5,000 police cases. How many were in each category of the 215,000 that we are talking about? You might say that 85 per cent of the police cases have been completed, but it is not 85 per cent of the same numbers, because each cohort will be different. How many of the 215,000 were in each cohort?

**Dr Pathirana:** Before coming to that, I think that it might be helpful to point out that the 215,000 figure is the total of remedy-impacted people.

**The Convener:** Indeed.

**Dr Pathirana:** That includes people who are in retirement already. A lot of the conversation that we are having is about those people, who number 65,000. The others are people in employment awaiting their statements. We should have all of the work done for the people in employment by around September next year.

**The Convener:** Why are you not prioritising those who have retired over those who are working?

**Dr Pathirana:** We are, but it requires different solutions and, therefore, different expertise within the organisation to build the solutions and put them into practice.

Do we have the police cohorts, Frances?

**Frances Graham:** The actual volumes per cohort differed. There were between 12 and 15 different types that it was felt the retired police officers fell into, and each required different solutions. Some solutions have been running concurrently, and the reason that we have been able to work through our expected timeline is that we have different people in the organisation working on the different solutions to move them through.

We understand the process that we need to go through. We need to take a look at the legislation and the tax implications, and we need to work through all of that with the Government Actuary's Department to ensure that we understand our calculations. We then take the calculations, work them through a process and apply the process operationally. We can estimate how long those will take, depending on where we are in building the calculations, and the calculations then go to the Government Actuary's Department.

That approach allows us to look at the different members' criteria and the different elements that affect the members who have retired, and that allows us to make calculations on how long it will take us to get to the end of the police cohort—that is, in March.

**The Convener:** But how many were in the police cohort, the NHS cohort and so on?

**Frances Graham:** Let me check my numbers. For the police, it was 5,000, I think. Iain Coltman has the numbers.

**Iain Coltman (Scottish Public Pensions Agency):** I have the numbers here, convener. The number for the police immediate choice cohort—that is, retired officers—is 5,995; for the NHS, 37,700; for teachers, 21,422; and for firefighters, 1,835.

**The Convener:** So that is basically your 65,000. Okay—that is fine

This will be my final question, you will be glad to know, before I open up the session to colleagues—all of whom are keen to ask questions, incidentally. What will be the overall cost of this entire process on the taxpayer? I know that the UK is paying for it, really, but what will be the overall cost of going through this process and resolving this issue?

**Dr Pathirana:** The administrative costs, which are the costs that we are responsible for, will probably come in at roughly under £20 million in

total over a number of years, if you think about the staffing levels. The costs will run to a little over £4 million this year, and indeed next year, too, before they start coming down.

As for the overall cost to the taxpayer, the figures are, as you know, for the remedy itself, which is a correction to pensions, but the estimate is roughly £1.75 billion. Iain Coltman can perhaps expand on that to help you understand what that figure really means.

**Iain Coltman:** Of course. The £1.7 billion was an estimate made by the Government Actuary's Department during the—

**The Convener:** Are we talking about across the UK?

**Iain Coltman:** Across the UK, the estimate is £19 billion.

**The Convener:** So the £1.7 billion is just the Scottish figure.

**Iain Coltman:** That is right, and that figure represents the increased value in the overall benefits across the five devolved schemes for scheme members.

A key part of the UK Government's reforms in 2015 was assessing the affordability and sustainability of public service pensions. A cost control mechanism was introduced under the Public Service Pensions Act 2013, and it measures the costs of benefits accruing in the reformed schemes through valuations of each of the five schemes every four years. An element of this, therefore, is that cost control mechanism.

The £1.7 billion is a lot of money—of course it is. However, the liabilities in the NHS scheme alone amount to around £50 billion, which gives some context to the additional benefits that are being accrued.

That £1.7 billion is the value of benefits for all members in the five schemes, based on the remedy period between 2015 and 2022. However, it will not crystallise at any one moment. Some of that cost is payable immediately under the immediate choice remedy, while costs under the deferred choice option will be spread over 40, 50, 60 or even 70 years as members retire and are paid their benefits until the point of death. The £1.7 billion will be spread across half a century at least.

**The Convener:** Thank you very much for that. I will now open up the session.

10:30

**John Mason (Glasgow Shettleston) (Ind):** I will build on some of the things that the convener has already asked about. I did not quite

understand the split or the fact that some are an immediate choice—the retired people—and some are deferred choice. I think that the figures that we had previously were 2,800 out of 65,000 immediate choice had been resolved, and 56,000 out of 150,000 deferred choice had been resolved. However, we are told that the figure is now 110,000 has been resolved. How is that 110,000 split up between deferred and immediate choice?

**Dr Pathirana:** Slightly over 100,000 statements for deferred choice and 16,500 for immediate choice have been issued to date.

**John Mason:** Of the 65,000?

**Dr Pathirana:** Of the 65,000.

**John Mason:** I became aware of the issue when a couple of retired police officers came to me about it. I think that the convener asked you this, but why was it not prioritised? Is it not more important for people who are dependent on their pension now than it is for those who will not get their pension for 10 years?

**Dr Pathirana:** It is not that it was not prioritised, it is just that there are different things that we need to do. We have been working on those things in parallel to build solutions for them. I appreciate that this is not directly part of your question but, as I mentioned in my opening statement, there is a lot of misunderstanding about McCloud remedy. Of course, there are people who will benefit from McCloud remedy and whose pensions will go up through it, but the majority of people who get the choice will already be on the best possible pension. Therefore, there will be people who benefit and whose pensions change, but the majority of people will already be on their best pension.

**John Mason:** Can you give a rough idea of what you mean when you say "majority"—is it three quarters?

**Dr Pathirana:** We will not know until we have worked through the process. By our estimates, it could be that as much as 70 per cent of people are on the best pension already. It will vary from individual to individual because everybody is an individual and their circumstances are specific to their career, their career path and what they have done.

As the convener's story showed, for different people the impacts can be significant. They obviously want to make choices and they are waiting, and that is deeply frustrating for them. We are very sorry that we have not been able to deliver that at this point for a number of members. We are working through it as quickly as possible.

I come back to the fact that although I would love us to be in a better place than we are, I do not think that anybody understood the complexity of

the process when it started. The UK Government certainly did not, and that has played out to the position that all other pension administrators are in across the rest of the UK.

**John Mason:** Even if 70 per cent are on the right pension, 30 per cent are on the wrong pension, so the 30 per cent of the retired people are the ones that it is really hitting right now.

**Dr Pathirana:** Yes, of course.

**John Mason:** It is probable that none of us here will understand all the details, but does it require a very different skill set to focus in on that 30 per cent?

**Dr Pathirana:** It represents different processes within the organisation and building different solutions to fix those things. For the people who are deferred choice—that is, people who are still in employment—we provide an estimate. When we are providing a solution to somebody who is already in payment, there are all sorts of other considerations we have to bring into play. For example, if someone is a police or fire member, they will have to make additional pension contributions to receive that better choice. They will also have to pay tax and different interest payments are applied for the money that they owe and the money that they will receive. All those calculations have to be built in, so the solution that we are building is very different to the estimates that we provide for the people who are still in employment. I hope that that helps you to understand.

**John Mason:** Was it due to a lack of skills that you could not allocate more people to the retired work and fewer to the deferred work?

**Dr Pathirana:** They are different skill sets. The convener raised the question why we cannot progress each scheme equally, in parallel and at the same speed. This plays into strengths and challenges in the SPPA. As an organisation, we are pretty unique in the United Kingdom for being responsible for four public pensions administration schemes. Most pensions administrators are responsible for one scheme—that is what they do. That means that we are configured in a slightly different way. It gives us strengths because we are able to build up expertise that we can share across different schemes, but it also means that there are specifics to each scheme where we need real specialisms.

Some of our teams are shared across the organisation doing the same sorts of tasks, and some of them sit within different schemes. When we have had to configure the work, we have structured it around the readiness of the data, because we are dependent on data. If the data in our systems that we have from employers is good, we are able to progress things more quickly than if

there is more work to be done on the data. There has been an element of having to stagger the work.

A good example to help illustrate that is the fire scheme, which has lots of similarities with the police scheme. A couple of other remedies to that scheme are needed due to other legal challenges that happened in a similar timeframe to the McCloud remedy. To better progress with the McCloud remedy, we needed additional data from the employer. It took quite a long time for us to get that data, which then had to be incorporated into our systems for us to build the solution. That is the reason why we are slightly behind on the fire scheme relative to the police scheme.

However, what helps in all of this is that a lot of the things that we built to deliver the police solution are reusable, although they need tweaking. That gives us more confidence about the timelines that I am talking to you about today and on our ability to say, “Okay, yes, we know what we have to do with fire. It is behind police, but these are the things we have to do and we have lots of the solutions in place now that we need.”

**John Mason:** You said that some retired people are already on the best pension and some will get an improvement, but are there some people who have to pay back money? In this week’s *1919* magazine, there is an interview with three retired police officers who are having to pay money back, so the net effect is negative on them. Is that common?

**Dr Pathirana:** It is not common, and this is a useful example to bring up. I will pass over to Iain Coltman to explain a little bit more of this, but the McCloud remedy work for police UK-wide uncovered some guidance issued by the Home Office that all administrators had been using—we tend to make sure that we align so that our calculations are the same across the UK, so that we are doing this right. It transpired that the guidance that we had all used was inaccurate. The inaccuracy was not linked to remedy, but it was linked to certain sorts of retirement. That only came to light relatively recently and it has led to lots of additional work in the police programme to work out who is affected and what we needed to do to correct it. Iain Coltman can share a little bit more on that.

**Iain Coltman:** That is certainly the case for that particular overpayment—it was not remedy related. With the remedy, we expect there to be an impact on another very small cohort of retired police officers—particularly those who retired in ill health—of around 20 or 30 members. This is a consequence of part of the protections that were introduced in 2015. Those people between 10 and 14 years of retirement in 2012 qualified for what

was called tapered protection. That meant that rather than just all moving into the new schemes in 2015 or being fully protected and not moving into the new schemes, they moved into the new scheme between 2015 and 2022 depending on their age. It is a technical detail.

As a consequence of that tapered protection and depending on the particular age or date that someone moved into the new scheme, the interaction of the ill-health provisions in the legacy and reformed pension schemes meant that some people actually benefited from the enhancements that were given to ill-health retirees.

As a result of the remedy, the protections that are discriminatory must be removed. That includes the tapered protection facility. That means that anybody who retired with tapered protection has to be moved back to the scheme and they get the same treatment as anyone else, which is all or nothing for the remedy period. It basically means that that tapered protection ill-health retirement was discriminatory. It may be that either choice that they have as a consequence of remedy is lower than the benefit that they were receiving upon retirement, which is an unfortunate consequence of remedy.

**John Mason:** That is especially unfortunate for people who are in ill health, disabled or whatever.

**Iain Coltman:** Indeed.

**John Mason:** However, you think that that is quite a small number. Okay.

You have mentioned that this is part of a UK problem and that you are broadly in line with the other agencies. Again, that article from *1919* magazine suggests that some of the folk down south are further ahead. It might just be that individuals are further ahead rather than whole schemes, but is there any measurement of that? You have said that a certain percentage—85 per cent—of those police are sorted? Do we know how that compares with other police schemes?

**Dr Pathirana:** We do, and I am not disputing that against individual schemes. Some individual providers might be slightly ahead on some measures or slightly behind on other measures. Taking the police and NHS schemes as examples, we understand that the National Police Chiefs Council has reported that police scheme administrators in England and Wales have sent RSSs to 99 per cent of active members—the people who have not retired—and we are at a similar number on that front. The NPCC has sent RSSs to around 85 per cent of immediate choice members, who are the people who have retired. That progress is very similar to ours.

In a debate in June, the Economic Secretary to the Treasury stated:

“the civil service scheme in England and Wales has issued around 45% of immediate choice RSSs and the teachers’ scheme around 47%.” —[*Official Report*, House of Commons, 19 June 2025; Vol 769, c 695.]

The NHS Business Service Authority—the people who run the NHS scheme—have confirmed delays and, at this point, have not set out a fresh timeline at all, so we are still waiting to see what that is.

It is worth sharing that issuing the remediable service statement—and I am talking particularly about people that retired here—is only half the story. When individuals come back saying that they would like option A or option B, we have to put it into payment, by giving them their back pay and so on if they are due that. We have made a conscious decision that we have only issued RSSs where, if people come back to us straightaway, we would be able to put it into payment. Some pensions administrators in the UK have chosen to issue RSSs without the ability to put things into payment.

**John Mason:** Can you explain that to me? What do you mean by “the ability to put things into payment”?

**Dr Pathirana:** If you imagine that you have thousands of people coming back to you saying, “Give me option A or option B”, you have to have the administrative processes in place to implement that choice. You have to rerun the calculations at the time because if they take over a month to come back you have to recalculate everything. Then you have to be able to adjust their pension so that the next month they will receive their new revised pension. Some operators in the UK have not been able to do that when they issued RSSs. Of course, that has led to lots of frustration south of the border. We made a very conscious decision that we would ensure that we were able to do that as part of the process and put it into payment straightaway.

**John Mason:** Okay, I think I am beginning to understand that bit. If you issue an RSS and people agree, within a couple of months they will be getting the correct payment and so on, whereas in other schemes—

**Dr Pathirana:** In some other schemes—

**John Mason:** Some other schemes are issuing the RSS and then it is taking a longer period for people to get it actually paid.

**Dr Pathirana:** Yes, and obviously, what people are looking for is the money in their bank accounts.

**John Mason:** The other area I want to touch on, which was raised by constituents as well, is the whole question of communication. Their feeling was that they had raised queries and did not get

any response or it was very delayed. Has that improved or is that still a problem?

10:45

**Dr Pathirana:** If you think about the volume of people we are talking about relative to the size of the organisation, it is a real challenge. If I had the depth of understanding when I started in the role that I have now, or if the organisation had understood that complexity, we could have taken a different approach to communication. We have done lots of work on trying to improve our communications over time. Frances Graham will share some of the things that we have done.

**Frances Graham:** Back in 2022-2023, we issued letters to all members who were impacted, just to make them aware of what the remedy was. We also set up an online remedy hub. As part of that initial communication, we told members that we would keep our remedy hub updated and that that was the best way for communication at that time.

We have looked at where we are with members now, particularly in the police scheme, which is driving the rest of our thinking. There are members who are receiving the new pension but we are active in continuing to speak to the members who are left. We are explaining to them where we are with their particular circumstances, how we are working through those particular areas and the different steps we are taking. That has been quite a shift from us sending blanket communications and working through an online remedy hub. We are now working on and sending individual letters to those members to explain their specific circumstances.

**John Mason:** Is that a one-off or does it happen regularly?

**Frances Graham:** We will continue to do that until people have had their remedy statement, after which they will be able to make their choices. As soon as somebody has their remedy statement, they come off our list of on-going communications. We will look to understand the issues that we are still working through for the members that are left. We will write to them and tell them the expected date that we will be working towards depending on what their particular circumstances are and which cohort they fall into.

**Dr Pathirana:** On communications, we have pension boards with employers and union representatives for each scheme around the table and we have communication working groups. We work through all our communications, whether on the website or in the letters that we issue, particularly with the unions, to try to get the framing right and to provide clarity as best we can. As you rightly recognise, it is very complicated and

quite hard for people to understand how this might impact them. We have also run webinars as part of that process.

**Michael Marra (North East Scotland) (Lab):** In your answers to the convener, you said that you did not want to make any promises that you cannot keep. However, 1 April was the statutory deadline that you were set, and you pushed that back to 31 October. In July, you said that you would keep that statutory deadline but that some work would continue until 31 December. On 1 October, you said that some parts of that will be finished in 2026 and others in 2027. You have been making promises that you cannot keep for a long time, have you not?

**Dr Pathirana:** I shared with you earlier the actions that I have taken since coming to the agency. I agree with you in that, going back to March, I did not have the depth of assurance that I needed to understand the complexity that existed, but I go back to the point that no other UK provider was ahead of us in their communication and understanding, so maybe that assurance was not available.

At a personal level, I wish that I had been able to be clearer. I do not think that it would have changed the timeframes, because our progress is similar to other people's. However, it would have been good if we had been able to communicate more clearly earlier on what the timeframes would really be. That is what I am trying to ensure is in place now and—

**Michael Marra:** In the gap between 1 April and July, you went from saying, essentially, that it could be completed by October to saying, "Actually, this is going to run on significantly longer than that". What kind of conversations were you having with your colleagues when you made one statement and then, a few weeks later, you had to completely change that timeframe?

**Dr Pathirana:** We revised the timelines for the scheme in October, so we might be talking about slightly different—

**Michael Marra:** In July, you said that the deadline of 31 October remained but that full delivery was expected by 31 December. I do not really know what that means, if I am honest. It does not really make much sense. Either the deadline is kept or it is not.

You have talked about complexity, and a statement that was issued on the Scottish Government website says:

"SPPA has exercised this discretion due to the scale and complexity".

We have heard quite a bit about that this morning. However, the statement says that that was

“not an indication of lack of progress, but rather a reflection of our commitment to completing the remaining work responsibly and transparently.”

It is a reflection of lack of progress, is it not? It happened because you are not getting the work completed.

**Dr Pathirana:** The conversations that I was having were to try to understand the full scale of the complexity. As I said, when I started, I had to bring a lot of additional resources into the organisation. I was not necessarily getting some of the clarity that I wanted from the programme. We had an overdependence on contractors, which impacted on some of the accountability within the programme. What I was doing in that timeframe was getting to the point where I felt more assured around the timeframes that we were working to.

If it was not for the complexity impacting the timeframes, we would be in a different place from other UK providers on this. The issue for me is: is this just the SPPA or is it a UK-wide problem? It is a UK-wide challenge.

**Michael Marra:** I have a constituent who retired in 2015 and was told in September 2021 that they would have their full resolution by October 2022, but they are now being told by your evidence today that it will be 2026. They will have been retired for over 11 years by the point at which there is any remedy to their pension.

This is not just about a lack of certainty. We are talking about a huge chunk of people’s lives in which their lives are diminished, where they are unable to spend the money that they have rightly earned. They are unable to spend it on their children or their grandchildren or to make choices that they wanted to make. Is the word “sorry” in there?

**Dr Pathirana:** Absolutely. I said in my opening statement that I am really sorry that I have not been able to meet those timeframes for some of our members. Without doubt, I am sorry.

**Michael Marra:** You will also recognise that there will be people who have died in that period, who had no access.

**Dr Pathirana:** Absolutely, and that is obviously tragic. I am sorry that we have not been able to provide any comfort to those families that remain.

**Michael Marra:** Okay.

On general practice, I have also been contacted by constituents regarding the lack of estimates being available to them prior to retirement. In other parts of the UK—you have been keen to lean on them—some of those estimates are available up to 18 months before retirement, but the policy at the SPPA seems to be that people are not allowed

an estimate until six months before retirement. Is that the case?

**Dr Pathirana:** That is correct. At the moment, we are having to balance the McCloud remedy work against the work of our normal business as usual, so that service is slightly diminished. We are doing estimates at six months. Most people will get an annual benefit statement every year, which in effect provides them with an estimate as they run up to retirement.

**Michael Marra:** That makes it incredibly difficult for somebody to plan for their retirement. They will be thinking, “Do I have enough money to have the life that I want for myself and my family?” They have to have made the decision and they have a six-month timeline before you tell them how much of their own money they are getting back. Is that the case?

**Dr Pathirana:** That is the case at the moment.

**Michael Marra:** When will we see a return to a more acceptable timeframe for people to get some kind of estimate of what the benefits from their pension will be?

**Dr Pathirana:** I would expect that, in the course of next year, as we can manage the remedy work down and we have more capacity to start moving resources back into our business as usual services, things will start to improve on that front, too.

We are also doing lots of build work around the process, which will mean that it becomes easier for us to do these things. The ultimate intention is to get to a point where a member can go online and access the information directly without the need for us to do manual processing work to give it to them. That has to be the goal, because members will then be able to have that information whenever they want it.

**Michael Marra:** A constituent of mine told me that they recently made the same inquiry having spent 10 years teaching in England, and they received—18 months out from retirement—an estimate within 45 minutes. You have been keen to lean on a comparison with the rest of the UK, but we are not seeing that lack of performance in other parts of the UK. Is there a justification for that?

**Dr Pathirana:** Moving on to the business as usual, which is what we are talking about here, there has been underinvestment in the digital systems in the organisation over a number of years, and I am addressing that. A lot of the work that has gone on to deliver the McCloud remedy is reusable and we will be able to use it to improve the services for our normal members. However, while we are wrestling with both the McCloud remedy delivery and business as usual, I am not

able to progress those sorts of improvements at the speed that I would like.

**Michael Marra:** So people will just have to continue dealing with the situation because of the weight of the McCloud remedy on the organisation.

You identified underinvestment in the information technology systems as part of the problem. Are you comparing that with the rest of the UK? Are you comparing it with private providers?

**Dr Pathirana:** Again, it will vary. It is not where I would like it to be. If we think about what people expect today from modern digital services and how they should work, that is the benchmark that we should be working towards on that front.

**Michael Marra:** You are still working with a heavily paper-based system. Is that correct?

**Dr Pathirana:** At the moment, our retirement process is very manual. Those are the sorts of improvements that I need to bring into the organisation.

**Michael Marra:** I would have thought so. What do you think is a reasonable timeframe for somebody to be able to plan for their retirement by getting an estimate from the SPPA?

**Dr Pathirana:** If someone is thinking of retiring and they are six months out from retirement, they can contact us and we will provide them with an estimate at that time. At that point, they can still choose not to retire, obviously.

**Frances Graham:** We are working with our current system capabilities and our current processes, which have existed in the same format for an extensive number of years. As Stephen Pathirana says, it is evident that there is underinvestment.

Your question was about what we want people to be able to do. We want people to be able to access our systems and achieve estimates dynamically. Currently, we are unable to provide that, but our strategy over the next five years is about bringing us to a stage where we will be able to do that. Unfortunately, we have a 21-year-old system and processes that have changed very little in that time, which is also exacerbating some of our problems with the McCloud remedy.

**Michael Marra:** Okay. When do you think that that capacity might be realised within those five years?

**Frances Graham:** To be able to produce estimates dynamically?

**Michael Marra:** Yes.

**Frances Graham:** I cannot answer that at the moment. What I am saying is that we are planning to move to a digital first approach, as per the Scottish Government, over the next five years.

**Michael Marra:** You said previously that you want to see that timeframe increase as the burden of the McCloud remedy reduces. That seemed to be what you were indicating.

**Dr Pathirana:** Do you mean—

**Michael Marra:** The six months might grow. Frances Graham identified the aspiration within five years at a strategic level. What do you think is acceptable? Where do you want us to get to within the next two years?

**Dr Pathirana:** Within the next two years, we will definitely be able to move back to the place that we were in before, where we are able to provide people with statements when they request them.

**Michael Marra:** At any point?

**Dr Pathirana:** Yes. As Frances Graham described, the thing that we really want to get to is a self-service system. We have started to build some of that already. At least for the NHS and teachers, we are moving to the new Engage portal at the moment. People will be able to log in, update their data and start looking at things digitally. All of that is happening. We are laying the foundations for that, but it is work in progress.

**Michael Marra:** Okay. Thank you.

11:00

**Liz Smith (Mid Scotland and Fife) (Con):** Dr Pathirana, I have to say that this is one of the most concerning evidence sessions that I have sat through as a member of this Parliament, because we are not really getting the answers that we need. I am sure that many of your members in different sectors will want these answers. I appreciate that you have said sorry, but it will not be good enough for an awful lot of people who are still waiting for their pay-out.

Before I come to my specific questions, I will ask you a matter of clarification. When you were answering the convener, you said that the data that you hold for the NHS and for teachers is not as good as the police data. Why is that?

**Dr Pathirana:** Frances, will you expand on that, please?

**Frances Graham:** Some of that is to do with system capability and some of it is due to the sheer volumes of data that we are dealing with. Police Scotland and the Scottish Fire and Rescue Service are single employers, so their data comes quite cleanly through our system from one employer. With the NHS and teachers, we are

dealing with multiple employers and different capabilities. With the NHS, more than 800 different employers send us information in different formats.

At the time when people retired, between 2015 and 2022, our processes allowed us to manage an individual's information whether it was received from their employer or the member themselves or if it was data already held in our system. We also gathered information from the employer at the time of retiral to process the retirement. It would come in different formats from the 800 different employers, and we would store that in different places but still attached to the record. However, to re-engineer that, we now need to find that data in different places; it was never anticipated that we would revisit the information that allowed us to do the retirals at the time.

**Liz Smith:** Ms Graham, that is surely a historical problem.

**Frances Graham:** Yes.

**Liz Smith:** Has the SPPA not thought about the difficulties that that produces? It has obviously made the whole issue very considerable and problematic. In the past, has the SPPA looked at its structures to try to resolve it? It is a massive problem.

**Frances Graham:** We have started running a programme to see how we can gather our information from the NHS and teachers' employers in a different way. We have moved forward in the past year to be able to start planning the move to a different process, but we need to wait until we are through the remedy work to enable us to do it.

**Liz Smith:** Can technology—artificial intelligence—help with that, rather than having to do so much manual work?

**Dr Pathirana:** It will not really be AI that helps with that, but it will be technology, and we have the potential for that—we already use that technology for the police and fire services. We now need to onboard the NHS and teachers to use the technology. There are questions of system integrations with the different systems that people use, including finance systems that different operators use. Therefore, there is work and a journey to go on with employers to get us there, which is why it is not an overnight fix. We are dealing with 800 employers, and it is quite a learning curve for them. That is all in the planning.

You are right that, once we have made that transition, it will make our work as a pensions administrator much easier. In time, it will enable us to provide a better service, as well.

**Liz Smith:** Have you communicated that problem to members?

**Dr Pathirana:** We have certainly communicated it through the pension boards to the unions, which are there as employer representatives. It is a technical thing that is happening in the background for most people; they will not see it when it happens.

**Liz Smith:** Like the rest of my colleagues, I have constituents who are very concerned about it. As Mr Marra said, they feel that people's decisions about their future and their families have virtually had to be put on hold, with the very considerable anxiety that comes with that.

One particular constituent is asking me what you have done in the SPPA about your governance issues. Have you gone through your governance addressing whether the SPPA is an efficient body that is capable of sorting out the problems that we are hearing about this morning?

**Dr Pathirana:** In short, yes. There is lots—

**Liz Smith:** Tell me what you have done.

**Dr Pathirana:** When I arrived in the organisation, the remedy programme was dependent on contractors in key governance roles, so I have been bringing in experienced staff to take on ownership of the programme. Frances can say more about the remedy programme specifically. I have made deep governance changes in that respect. I have brought in members of our management advisory board and audit and risk committee to sit on our remedy programme board to give me assurance about what we are doing.

**Liz Smith:** How are you measuring how effective that has been? Taking it at face value this morning, it is quite clear that there is a huge number of issues, and I am sure that people in your membership schemes are not exactly impressed by what they are hearing. What measurements are you using to persuade us that things are getting better?

**Dr Pathirana:** On the remedy programme, we are now making significant progress. In the last part of this year, we have issued more than 10,000 NHS remediable service statements. In September alone, we issued close on 100,000 statements to people who are still in employment. We have been fixing issues at a rate of knots through the programme.

**Liz Smith:** I am not sure that a rate of knots is the best terminology to use for this, but carry on.

**Dr Pathirana:** I would like to be in a place where the situation was all much more progressed, but I have to keep coming back to the point that the scale of the problem was not understood by the UK Government. It is absolutely true that it is hugely frustrating—in some cases,

very distressing—for anybody impacted by the McCloud remedy, and I am deeply sorry for that.

As an organisation, we did not understand the complexity; the scale of activity relative to business as usual was several times what we would normally have to deal with, so we have had to scale up incredibly to do it. We have had to work through problems that we did not know existed and get data that we did not have before. We have lots of interdependencies with other actors that need to provide us with things. I sit here owning the problem and I accept that I need to put it right, but it is not a problem of our creation, and we are making good progress if we compare our actions and activities with those of other parts of the UK.

I have shared with you some of the challenges that the organisation has had—it has not been without its challenges. In 2020, I think, the organisation was struggling with the new pensions administration system that it was putting in. It was in front of the committee at that point. There was a period when the turnover of chief executives in the organisation was really high. There have been real challenges. I have to not only deliver on the McCloud remedy, which we are working through, but build a sustainable organisation that delivers a good service to its customers.

**Liz Smith:** What you really have to build is trust with the many people who feel very badly let down. That is the critical thing.

**Dr Pathirana:** Absolutely, and that will take time.

**Liz Smith:** What I am asking about is your governance structures. As an organisation, you have to build trust and put in place measures so that people can feel, at last, that the SPPA can sort out their problem. That is the critical issue. I fully understand that there have been lots of challenges and difficulties along the way, but, when it comes down to what has to happen between now and resolving all the issues, you must ensure that you can put trust back into the system. I ask you to reflect on that.

**Michelle Thomson (Falkirk East) (SNP):** Good morning, and thank you for joining us today. I want to explore, first of all, who you report to and the ways in which you are reporting to the Government on this. How frequently are you doing that and what are you providing the Government with?

**Dr Pathirana:** I report to Mr McKee, as the minister who is responsible for the SPPA. I provide Mr McKee with a roughly monthly update on progress delivery and any particular challenges that we might still be facing in any bits of the programme—dates that might be moving and

things like that. I regularly meet Mr McKee on that front as well.

**Michelle Thomson:** Does that monthly update include all your management information data, or is it just a free-form textual?

**Dr Pathirana:** Certainly on the McCloud remedy, it is management information data. I do not necessarily provide Mr McKee with an update on business-as-usual data unless there is something particular to update him on.

**Michelle Thomson:** Okay. What feedback are you getting?

**Dr Pathirana:** Mr McKee is very supportive of what we are trying to do and has backed the investments that we need to make. He has been down to see some of the automation that we have been delivering, so he is engaged in what we are doing. Obviously, rightly, he would like us to be in a better, stronger place, where we have made more progress, but he understands the complexity and that we need to do a lot of work to get this over the line. He expects me to update him regularly.

**Michelle Thomson:** The reason I am asking about this goes back to the comments made earlier by the convener. While I was listening to that exchange, I, too, was struggling to understand from point A to point B where you anticipate you will be N per cent completed on whatever scheme or whatever circumstances and, therefore, the interim staging points. Are you stepping through at that level of detail with Mr McKee? Listening to that exchange, I did not really have any increased confidence of the probability of you meeting those deadlines without understanding the probability of the interim deadlines, if I am making myself clear. Are you able to step through that with Mr McKee, or is he so busy—I imagine he is extraordinarily busy—just taking the endpoint without interrogating the interim points?

**Dr Pathirana:** As I have shared, he has been down to see the programme, meet with people and understand some of the detail that lies under the surface. We talk through some of the interim milestones and where we are with respect to them. I like to think that he has a good understanding of where we are and what we still need to do.

**Michelle Thomson:** What would be your assessment for the people watching this session? You are probably aware that there are some members of the public here. Will they be more or less confident about their particular situation after this session?

**Dr Pathirana:** The challenge that we have with individual members is that, until we provide every individual member with their statement, it is very

hard to give them the satisfaction they deserve. For people who have it, that is grand, but the people who have not will still be wondering, "Will I be here, here or here in terms of delivery?"

I get asked that question, and the challenge in answering it is that, until we work through the individual person's case, it is very hard to position them by saying, "You will be here, here or here." We have to work through the individual cases to be able to do that. I outlined some of the complexity with the police—the 27 different calculators that we have had to build. It is quite hard to provide that assurance. We are trying to provide regular written updates to those members who are still impacted. Periodically, we are writing out to members. As Frances Graham shared, at each point that we write out, I hope to be able to say, "We have now got to this point. We have delivered X, Y and Z for your colleagues. These are still the things we are working through and these are the things that are impacting our delivery. These are the timeframes in which we will next update you or the time when we expect to be finished."

**Michelle Thomson:** Given that the people who are most interested in watching this session or, indeed, in attending it are the ones who have not yet derived satisfaction, I gently suggest that they are probably less confident about the issues that we have pulled out—particularly the perennially moving date for when things will be completed.

You touched on it a little bit earlier, but I would like to hear you walk through what you will do. Knowing what you know now, what would you do differently?

11:15

**Dr Pathirana:** If I had an understanding of the complexity at the start, I would have communicated very differently. That would have made me unique among all pensions agencies in the UK, I might add, but I would have communicated much longer timeframes to people from the start.

On your point about confidence or lack of confidence, some of that is due to our putting out timeframes that we have not been able to meet—I recognise that. That is not good. I would have wanted to communicate from an early point, "These are the complexities that we understand. I'm afraid it will take us much longer to deliver this than the UK Government's timelines allow." If we had said that, we would probably have been pilloried at the time, because the rest of the UK Government agencies were all saying that they could do it—although they could not. Hindsight is a wonderful thing.

**Michelle Thomson:** In terms of trust—a word that my colleague Liz Smith mentioned—pensions, more than any other benefit, talk to trust in the state. When people have contributed throughout their entire working life, nothing diminishes trust more than an issue with their pension. Looking back, you mentioned that, historically, there has not been the required investment in the agency, particularly in automation and digitisation. How has that impacted the trust of the population in a critical state benefit?

**Dr Pathirana:** Obviously, it is not where I would want it to be. I know that—as you do—from the letters that I receive from members who are frustrated with our service. I am in this role not just to talk to you, but to take the agency from where it was when I inherited it to a place where we are able to deliver on that trust. However, it will take me time.

**Michelle Thomson:** Therefore, will you be applying even more caution to any subsequent commitments and promises that you make? Part of the issue, particularly with the most recent October date, is that people have been blowing a gasket, in effect, when they have been told and they have been hanging on. I, too, have many constituents—quite a case load of people—who are affected in this way. Part of it is the death by a thousand cuts when they are hanging on, and then they are told, "No, we are not going to meet that deadline either."

**Dr Pathirana:** Exactly. We have tried to set out broad timelines based on our understanding of the delivery of police, which I have shared with you. However, there remain new issues that have come to light that we are having to work through. My objective is to keep people regularly informed about progress—obviously, the committee included—and the milestones that we have met.

**Clare Adamson (Motherwell and Wishaw) (SNP):** Thank you, convener, for letting me come along this morning. A lot of the questions that I had intended to ask have been covered by my colleagues, but I will ask about specific points. The McCloud judgment said that any arrears would include an 8 per cent interest payment. Have any other compensation payments been made in other schemes or in your scheme regarding that?

**Dr Pathirana:** My colleague Iain Coltman will pick up on that point.

**Iain Coltman:** Thanks for your question. The interest is based on employment tribunal compensation that is payable through the court—that is where the UK Government would set the interest rate and did so for that reason. There are corresponding litigation cases through the employment tribunal. McCloud and Sargeant were the original ones, and there are equivalent claims

in Scotland that we are managing on behalf of ministers. Across the four schemes, there are about 10 sets of claims.

We have paid out the first tranche of police officer claims, which were brought by the firm Leigh Day about two years ago, and there are other tranches of police officer claims. There are firefighters' claims that remain outstanding. There was a very small number of teachers' claims, which have been settled. A number of NHS claims have been settled, and there are about 1,000 claimants left. I imagine that the costs will be settled in 2026, depending on the courts—we are in the courts' hands.

**Clare Adamson:** Someone may pass away before they had the opportunity to make a decision. You have said that some people would have no change and that some could be better off. If a person was denied the opportunity to make the decision, what does that mean for their estate and for their family's inheritance?

**Iain Coltman:** The choice passes to the person's survivor—the surviving dependant, spouse or partner of any description. They make a choice, which is backdated to the date of retirement. Although it is obviously hugely regrettable that the member did not benefit from that, the survivor gets the benefit of that choice.

**Clare Adamson:** You said that this has very much been a paper-based exercise with the data that is available to you—you are certainly not using an automated or computer system. Are you aware of anyone else having progressed with automation? Are any other providers ahead of the game in the calculation process?

**Frances Graham:** As I covered, we have been working with the Scottish Government's automation centre of excellence. We have automated parts of our process. I have regular reviews with a number of other providers in the UK, so we have shared with them details of the elements that we have been able to automate. The providers that we have been speaking to either are not as far advanced in their automation or are in exactly the same space, where they have automated the amount that we have automated but have come to a point where manual intervention is needed.

**Clare Adamson:** On the decision-making process, you said that you are much further forward with the police and that decisions have been taken about the priority and the order in which things will be done. Given the nature of the work and everything else, a lot of people may already have retired for reasons of ill health. Has there been an equality impact assessment or a process in relation to decision making for people who have retired?

**Frances Graham:** A decision has not been taken to move members to different timeframes. Driving the detail behind that is the different levels of complexity that we are having to work through. When we are still to process a member who may have ill health, they may also have other elements that we need to consider. For example, a member may have a pension-sharing arrangement on divorce or they may have been a high earner, which has lifetime allowance implications. They might have used scheme pays as a result of previous annual allowance breaches, which we would need to take account of. Members may also be impacted by the ill-health reassessments that we are waiting on coming back. We need to work through different levels of complexity.

As Stephen Pathirana explained, in the police scheme, the contributions that were due under the legacy scheme are different from the contributions that were due under the career average-earnings schemes. On top of that, we need to wait for members to make their decisions so that we can get the right set of contributions—they might be due us money or we might be due them money, based on the decision that they make. On top of that, we need to apply the different tax regulations.

We have to work through the three, four or five elements that apply to a person, take on board the tax, and offset and onset the different tax applications to make sure that the member is getting the right amount of money. As we walk through each of those complex situations, we are making sure that the Government Actuary's Department is quality assuring our calculations, because the last thing that we want to do is put something into payment for members and then have to go back because we did not take something into account and we needed to make another change. All of that assurance work is being done.

To answer your question, it is not the case that we have decided to have differing timelines; the complexity is driving the timelines.

**Clare Adamson:** How is the decision made about what the next case is?

**Frances Graham:** Cases are dealt with in tranches of members who are affected by different things. When we have had things solved, worked through or assured, we can then process those cases. That is how the decisions are made.

**Clare Adamson:** If 20 firefighters are in exactly the same position, is the decision based on their retiral date or their name?

**Frances Graham:** No—it is based on their circumstances.

**Clare Adamson:** So the organisation is making decisions on circumstances.

**Dr Pathirana:** I will come back to the police example that I gave earlier. There are 12 cohorts, but one or two things apply to some people, while some people are impacted by all 12. We are building iterative design solutions so that, once we have a solution that can resolve something when four things apply to a cohort, we can process all those cases quickly, because you have solved all the problems. However, there might be another four design solutions that apply to a different group.

As the iterative solutions are built, the solutions are layered on top of each other, up to the most complex cases. That is what is driving the approach—it is a choice not about who but about what we have to build. As soon as we have built X, we can issue statements. That might be needed for everyone, and then something else might need to be built for all the people who go beyond that point, if that makes sense.

**Clare Adamson:** For two people with the same retirement date, the difference in when they get their calculation could be years, if they have different levels of complexity.

**Dr Pathirana:** It is the complexity that is driving the decision—yes.

**The Convener:** Thank you to colleagues around the table for their questions and thank you for your evidence, Dr Pathirana. Do you want to make any further points before we wind up the session?

**Dr Pathirana:** I would be happy to come back in front of the committee to update you on progress, if the committee would find that helpful.

**The Convener:** Thank you very much for that helpful offer, which we will deliberate over.

Before we go into private session, we will have a five-minute break to allow our witnesses, broadcasting and official report staff and those in the public gallery to leave.

11:28

*Meeting continued in private until 11:46.*

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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