

Finance and Public Administration Committee
33rd Meeting, 2025 (Session 6)
Tuesday 2 December 2025

Delivery of the McCloud remedy in Scotland

Purpose

1. The Committee is invited to take evidence in relation to delivery of the McCloud remedy in Scotland from the following witnesses—
 - Dr Stephen Pathirana, Chief Executive Officer, Scottish Public Pensions Agency (SPPA),
 - Frances Graham, Chief Transformation Officer, SPPA, and
 - Iain Coltman, Head of Pensions Policy, SPPA.

The McCloud remedy

2. In its briefing on [Public sector pensions and the McCloud remedy](#) published in March 2024, SPICe explained the background to the McCloud remedy—

“The UK Government reformed public sector pensions in 2014/15. This meant that people were moved from their previous (final salary) pension scheme to a new CARE scheme (based on earnings across their employment). As part of this reform, the Government introduced transitional protections for older members of the schemes who were close to retirement. Members of the judicial and firefighters’ pension schemes appealed this decision and, in 2018, the [Court of Appeal](#) ruled that younger members of these pensions had been unlawfully discriminated against as the protections were not applied to them. Following this, the UK Government committed to changing all public sector pension schemes to remove this discrimination. These changes are known as the McCloud remedy.”

3. The [House of Commons Library published a briefing on the McCloud remedy in December 2024](#). This sets out more detail on the background to the remedy, the legal challenges and the effect of applying the remedy to people. The briefing also notes some of the issues and delays that have impacted the remedy across the UK.
4. On 19 June 2025, a [debate¹ was held in the House of Commons to discuss delays to compensation through the McCloud remedy](#). Responding to the debate, the Economic Secretary to the Treasury stated, “the McCloud remedy is, by its nature, a complex undertaking”, adding “it applies to 20 public service pension schemes in the UK, and the scheme managers for those schemes are responsible for ensuring that the remedy is administered properly and in accordance with their statutory provisions”.

¹ This debate was led by Christine Jardine MP.

5. Members of public sector pension schemes on or before 31 March 2012 and who were still members on or after 1 April 2015 are impacted by the McCloud remedy. The [Public Service Pensions and Judicial Offices Act 2022](#) implemented the remedy and “the Act is then implemented in Scotland through individual pension scheme regulations for each sector”.
6. Under the 2022 Act, Remediable Service Statements (RSS) require to be issued to eligible members who retired after 1 April 2022, showing the person’s pension benefits from their previous final salary pension and the new CARE scheme for the remedy period. The individual can then “decide which has the greatest value to them, with any resulting changes applied to their pension retrospectively”.
7. The aforementioned SPICe briefing further notes that the 2022 Act sets out a timeline for issuing RSS—

“They must be provided on or before the “relevant date”, which is 18 months after the date the relevant section of the Act came into force. This was 1 October 2023, meaning that the date by which an RSS must be provided is 1 April 2025. The Act also states that this relevant date may also be “such later day as the scheme manager considers reasonable in all the circumstances in the case of a particular member or a particular class of member”.”

Delivery

8. The SPPA is an Agency of the Scottish Government which administers pensions for Scottish Teachers, Police, Firefighters and National Health Service employees. All four schemes are affected by the McCloud remedy, and each has a [Remedy Hub](#) on the SPPA web pages.
9. [The Committee first wrote to the SPPA on 21 March 2025](#) following an [update from the Minister for Public Finance of 27 February 2025](#) on the progress being made by the SPPA in relation to delivering the McCloud remedy changes to those public sector pension schemes it administers. At that time, the Committee noted that the deadline in issuing RSS would not be met for all members in all schemes. It also sought further information including the number of members who would receive an RSS by the deadline and timescales for when all members in all schemes will receive an RSS.
10. In his [response of 2 April 2025](#), the SPPA Chief Executive Officer (CEO) explained that, at that time, there were approximately 65,000 individuals who have retired and must make an “immediate choice” and approximately 150,000 people who have still to retire and therefore must make a “deferred choice”. As of 31 March 2025, the SPPA had issued more than 2,800 Immediate Choice RSS and more than 56,000 Deferred Choice RSS.
11. Dr Pathirana also noted, “the timelines for individual schemes vary, but taking in to account some remaining administration challenges we aim to have all work completed for all schemes by 31 October 2025”. He went on to say that “there remain a number of unknown factors that could impact delivery, such as potential

data issues that we are working through with employers, or technical problems we may encounter as we work through different batches”.

12. [The Committee wrote again on 23 September 2025](#), noting the [SPPA's circular of 31 July 2025](#) which confirmed that while the 31 October 2025 deadline remains in place for the delivery of the majority of cases, remaining cases will be provided by 31 December 2025. Expressing disappointment with this further delay, the Committee sought an explanation for the further extension to the completion deadline, details of the numbers of those who will be affected by the delay, and the schemes involved. It also asked to receive regular updates on progress towards completion.
13. The [CEO's response dated 1 October 2025](#) stated that he has “engaged with the Pensions Regulator in taking the difficult decision to change the delivery timetables”, adding “the Regulator recognises the scale of the administrative challenges facing all the UK public service pension schemes and has acknowledged our reasons for adjusting the target dates”. The letter went on to say that—
 - The SPPA's progress is “broadly comparable to other public service pension scheme managers who are managing remedy” and “further, in some aspects we are ahead of other scheme providers”.
 - Deadlines have not been met for different reasons across each scheme, but “common themes are the sheer complexity of understanding the relevant legislation and applying the policies, the complexity of the calculations – which vary from scheme to scheme, validating data and the calculations, and then moving these into processing”.
 - The SPPA is managing this project on top of routine work and delivery of other critical programmes, including “preparing for the introduction of the UK-wide Pensions Dashboard, introducing new digital improvements, and also managing other remediation projects including two prompted by court decisions and legislative changes in the Firefighters' scheme”.
 - The SPPA's CEO expects that the bulk of casework across the four Scottish schemes will be finished in 2026, but a small proportion of the more complex casework will likely remain outstanding.
 - During its remedy work, the SPPA has taken the opportunity to “introduce fundamental improvements to the way we operate”, including developing automated processes, designing an industry standard calculation system and introducing a new online portal for scheme members. Improvements have also been made to SPPA's communication strategy.
14. The CEO also confirmed he is happy to provide regular updates to the Committee on the SPPA's progress regarding the McCloud remedy.
15. The Committee considered this response at its meeting on 28 October 2025 and [responded on 6 November 2025](#) expressing further disappointment at the continued delays and the expectation that these will continue into 2027. It also

noted that the SPPA's 1 October letter did not provide details of the numbers of those affected, "which makes it difficult to establish exactly what progress has been made to date and what progress is anticipated by when". The Committee also invited the SPPA to give evidence on 2 December 2025 where these issues could be explored in more detail.

16. On 30 October 2025, [the First Minister responded to a question on delays to the McCloud remedy in Scotland](#), noting that there were approximately 215,000 affected members in schemes administered by the SPPA. 65,000 of these members are retired.
17. Responding to a subsequent written question on 11 November 2025, the Minister for Public Finance [provided tables setting out the number of members of the NHS, Teachers, Police and Firefighters pension schemes who did not receive an annual benefit statement between the years 2021 and 2025](#). It also provided the number of those who were eligible for the McCloud remedy and did not receive their annual benefit statement or RSS for 2023, 2024 and 2025, by scheme.
18. The Herald reported on 12 November 2025 that it will cost the public sector in Scotland an estimated £1.7 billion to remedy the discrimination, in addition to interest charged at 8% a year.² This follows its reports on 27 October 2025 that the Pensions Ombudsman is examining multiple complaints about the SPPA's handling of the remedy³.

Next steps

19. The Committee will consider any next steps following the evidence session on 2 December 2025.

Committee Clerking Team
November 2025

² [Scottish Public Pensions Agency in the dock amid £1.7bn scandal | The Herald](#)

³ [Watchdog probes £1.7bn Scottish pensions scandal amid legal threats | The Herald](#)