

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 from the Scottish Public Pensions Agency (SPPA)—
 - Dr Stephen Pathirana, Chief Executive Officer (CEO)
 - Christopher Nairns, Chief Operating Officer, and
 - Frances Graham, Chief Transformation Officer.
2. This is the Committee’s second evidence session with the SPPA on the McCloud remedy. The first session took place on [2 December 2025](#), when the CEO offered “to come back in front of the Committee at a future point to update [...] on progress”. The Committee [wrote to the SPPA CEO on 17 December 2025](#) to accept this offer and to request a written update covering a number of issues in advance of this session to inform discussions.
3. The Committee also wrote to the Minister for Public Finance seeking “your reflections regarding your meetings with the SPPA to discuss progress with delivery of the Remedy”, including details of “the support provided and challenge function performed by you and by Scottish Government officials in relation to this matter”.
4. Responses were provided by the SPPA on [17 February 2026](#) and on 11 March 2026, which are provided at Annexes A and B respectively. The Minister’s response also dated [17 February 2026](#) is attached at Annexe C. Earlier correspondence between the Committee and the SPPA starting from 21 March 2025 can be found on the [Committee web pages](#).
5. The Auditor General for Scotland (AGS) published his [2024/25 audit of the Scottish Public Pensions Agency on 5 February 2026](#). The Scottish Parliament’s Public Audit Committee (PAC) took evidence from the SPPA on this audit on [18 February](#) and is due to hear from the SPPA on 17 March, immediately following the Finance and Public Administration Committee’s session.
6. This paper includes a summary of the McCloud Remedy, key points raised by the AGS in his audit, and details of the latest correspondence from the SPPA CEO and Minister.

The McCloud remedy

7. 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.”

8. 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 implemented in Scotland through individual pension scheme regulations for each sector.
9. 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”.
10. The SPPA, an agency of the Scottish Government, 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.
11. The original deadline for providing RSS was 1 April 2025, although the 2022 Act states that a later date can be set if the scheme manager considers this to be reasonable. There has been a series of delays to this deadline causing uncertainty and frustration amongst pension scheme members.

Latest developments

AGS audit and evidence to the PAC

12. In his [2024/25 audit of the Scottish Public Pensions Agency published on 5 February 2026](#), the AGS states that “the agency underestimated the scale and complexity of the work involved in calculating the options for members across each of its four schemes”. He highlights that “the SPPA has informed The Pensions Regulator of a series of extensions and is now working towards revised

deadlines through to 31 July 2028, over three years late, to fulfil its obligations". The AGS goes on to note the reasons provided by the SPPA for the delays, including "a lack of preparedness within the agency to cope with the volume and complexity of cases; delays in guidance and clarification from the UK Government; delays in obtaining reliable data from third parties; and issues with data and systems that require manual interventions". As many of these issues are ongoing, the AGS states "it remains unclear whether the SPPA will meet its revised timescales for delivering its Remedy obligations".

13. The audit further highlights the need for the SPPA "to provide greater transparency over Remedy progress to scheme members and the Parliament by providing detailed and regular updates between now and the end of the programme". In addition, the AGS notes that the audit process "was hampered by poor quality supporting evidence, and several audit adjustments were required to correct the financial statements". Concerns were also raised about governance, particularly in relation to the effectiveness of the SPPA's Audit and Risk (AAR) Committee due to "limitations on information and support" provided by the SPPA to its AAR Committee.¹
14. During evidence to the PAC on 18 February 2026, the AGS drew attention to his predecessor's section 22 report on "the progress of the implementation of information technology systems in the agency"², noting "some of that is still relevant today". The AGS went on to highlight evidence from the SPPA CEO to the FPA Committee in which the CEO recognised "underinvestment in both IT and effective data management arrangements within the agency". The AGS told the PAC that "those data management arrangements are fundamental to why the agency has not been able to make consistent progress [...], however, the agency recognises that it needs to do more to invest in IT and data management".³
15. The audit notes that for those in receipt of a pension, the SPPA has made most progress with police scheme members (85%), following by NHS scheme members (25%) and teachers' scheme members (9%). It has not yet commenced issuing RSS to firefighter scheme members.⁴ Asked for further details on why this is the case, Audit Scotland told the PAC on 18 February that all the police data is held within the pension administration system, whereas "some work was required on fire service data relating to pay differentials, acting-up allowances and so on before that data could be used". In addition, "the weight of voices in the police scheme may have been a factor".⁵
16. Audit Scotland also told the PAC that the cost to the UK Government of Remedy payments in Scotland is estimated to be £1.7 billion, while the SPPA is expected to incur costs in administration of around £20 million. The SPPA has approximately 300 staff and has recruited an additional 100 members of staff on temporary contract to help with the Remedy process.⁶

¹ [The 2024/25 audit of the Scottish Public Pensions Agency Scottish Public Pensions Agency](#)

² [News release - Failed IT project sets back pensions body](#)

³ [Official Report, PAC, 18 February 2026](#)

⁴ [The 2024/25 audit of the Scottish Public Pensions Agency Scottish Public Pensions Agency](#)

⁵ [Official Report, PAC, 18 February 2026](#)

⁶ [Official Report, PAC, 18 February 2026](#)

Latest written updates

The SPPA's 17 February update

17. The SPPA CEO's 17 February update (at Annexe A of this paper) provides an initial response to the Committee's questions and addresses the key messages in the AGS audit. On governance, his letter states he has "secured additional resources from Scottish Ministers to fully address resourcing challenges that were present within the governance team" and is now "confident both the Management Advisory Board and the Audit and Risk Committee are well placed to undertake their core functions".
18. He provides a list of actions taken in relation to communicating progress and targets, including creating online Remedy Hubs, increasing its direct member communications "in recognition of the need to extend the delivery timelines", and delivering a series of member webinars. The SPPA also intends to "continue to enhance the clarity of published information, scheme-specific updates and progress reporting on Remedy delivery".
19. In relation to prioritisation, the CEO states that "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". He went on to say that "the top priority for the Remedy programme in this and the next quarter is to complete police immediate choice, [...] followed closely with meeting the respective targets for the other three immediate choice projects (fire, NHS and teachers)".
20. Asked for reassurance that the Committee and those affected can have confidence in the new timetable for delivery given the repeated delays, the SPPA CEO states that "our current revised timetable is grounded in a more mature understanding of the technical, data and operational complexity of the programme". This includes more robust delivery planning, based on progress and lessons learned to date, additional recruitment and targeted capability, IT and system development, and improved member communications.
21. The letter also responds to the Committee's request for details of meetings between the SPPA CEO and Scottish Ministers. The SPPA CEO confirms that he provides monthly updates and meets with the Minister for Public Finance on a quarterly basis. He was due to meet with the Minister 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".
22. On comparisons with progress in other pension agencies in the UK, the SPPA states that it has "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".

The SPPA's 11 March update

23. The 11 March update from the SPPA (at Annexe B of this paper) sets out the latest position (as at 3 March 2026) on McCloud Remedy delivery and some initial analysis the SPPA has conducted on retired member choices in the police scheme.

24. A full breakdown of progress is included in the SPPA's letter, which also states that—

- “Reasonable progress” has been made delivering RSS to active scheme members, setting out the impact of the Remedy on the pension benefits they have accrued to date⁷.
- It has not issued any RSS to deferred members as it has prioritised developing RSS for active members due to the large number involved.
- It remains on track to meet the timelines reported to the Committee in December 2025 for completing “delivery of the bulk of immediate choice casework for those members who have already retired”:
 - police by the end of the first half of 2026,
 - firefighters and teachers by the end of 2026, and
 - NHS to have the majority completed by the end of 2026 “but extending into 2027 because of the larger numbers involved”.
- Its initial analysis of retired member choices in the police scheme has shown that “of those who have been offered their Remedy choice to date, 73% chose not to change their current entitlement” which it notes “suggests they were already on the scheme most beneficial to them”. For the 26% who have chosen to change their entitlement, the average increase in their regular pension payment was around £178 per month. 1% of members chose to reduce their regular pension payment in favour of a larger lump sum or injury benefit. The SPPA expects the firefighters’ scheme to follow a similar pattern.

25. The letter further states “we recognise transparency must accompany delivery if confidence in the Agency is to be restored and will continue to report openly on progress”.

[The Minister for Public Finance's response of 17 February 2026](#)

26. In his response to the Committee of 17 February 2026 (at Annexe C of this paper), the Minister for Public Finance echoes Dr Pathirana's apology to pension scheme members still awaiting their RSS, “as after years of valued public service they should have easy access to information to make a decision on their full pension entitlement”.

⁷ These RSS are issued annually alongside annual benefit statements.

27. The Minister highlights that the Scottish Government has provided additional funding to the SPPA “to deliver the remedy for pensioners as quickly as possible”, which is “in line with what the SPPA set out as being necessary to deliver on its obligations”. He went on to say, “it is unfortunate that despite the McCloud Remedy being a UK-wide issue, and one the UK Government was responsible for creating, that the UK Government has not provided any additional central funding to departments or devolved administrations to manage this programme of work”.
28. The Committee sought details of the support provided to the SPPA and the challenge function performed by Scottish Ministers and by Scottish Government officials. The Minister points to the [framework document between the Scottish Government and SPPA](#), “which sets out governance arrangements in full”, along with the monthly updates he receives and quarterly meetings with the SPPA CEO. He also visited the SPPA offices in August 2025 “to see for myself the scale of the programme of work being conducted”, including investment in automation and in an “innovative Business Transformation function”.
29. The Minister said, “I am confident SPPA is making progress and will continue to prioritise issuing clear and accurate RSS as quickly as possible while ensuring it remains able to process member choices once made”.

Next steps

30. The Committee will reflect on whether it wishes to include any recommendations for its successor committee on the McCloud Remedy in its legacy report. This report will be published in March 2026.

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17 February 2026

Kenneth Gibson, MSP
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Finance and Public Administration Committee
The Scottish Parliament

By email: FPA.Committee@parliament.scot

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.

Reponses

- 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).¹ 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 2026.²

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.³ 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.

¹ [Written questions and answers - Written questions, answers and statements - UK Parliament](#)

² [NPCC Police Pensions Bulletin 28 12/02/2026](#)

³ [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

Kenneth Gibson, MSP
Convener
Finance and Public Administration Committee
The Scottish Parliament

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11 March 2026

Dear Kenneth Gibson MSP,

I wrote to you on 17 February 2026, setting out a response to most of the matters you raised in your letter of 17 December 2025, and committed to write to you closer to attending Committee on 17 March to provide the latest position on McCloud Remedy delivery.

I am also taking the opportunity to share some initial analysis we have conducted on retired member choices in the police scheme.

Delivery progress – active and deferred members

We have made reasonable progress delivering Remediable Service Statements (RSS) to active scheme members, setting out the impact of Remedy on the pension benefits they have accrued to date. We issue these RSS annually alongside the annual benefit statements we are required to send all active members. Please find further details, including a full breakdown of our progress as of 3 March 2026, in Annex A to this letter.

We have not yet issued any RSS to deferred members – those who have left the pension schemes but have not yet retired. We are working on processes for this but have prioritised developing RSS for active members due to the larger numbers involved. We have a plan in place to address this in the third quarter of the year as part of our programme of work around meeting requirements for the UK Pensions Dashboard.

Delivery progress – retired members (immediate choice)

At Committee in December, I said the SPPA expects to complete delivery of the bulk of immediate choice casework for those members who have already retired for:

- police by the end of the first half of 2026;
- firefighters and teachers by the end of 2026; and
- NHS to have the majority completed by the end of 2026 but extending into 2027 because of the larger numbers involved.

We remain on track to meet these timelines for completion. More detail on our progress, as at the 3 March 2026, is set out below and is reflected in the table in Annex A.

Police

In December, I reported we had completed 85% of the immediate choice casework for the police scheme. As at the 3 March, we were at 89% and we remain on track to complete 99% by this summer.

I have provided a detailed breakdown of the remaining police cohorts, and the anticipated timeframe for completion of each, at Annex B. The timeline for that delivery largely depends on the SPPA receiving information from third party providers, such as information on pension transfers or medical reassessments in respect of some retired officers. I understand the timeframe here to be broadly equivalent to those for the police schemes in England and Wales.

Firefighters

I advised at Committee on 2 December 2025 that we expected to start issuing firefighters' RSS before the end of 2025 and we issued 200 RSS before the end of the year.

As at the 3 March, we had issued 25% of the total immediate choice RSS. We are still on track to complete this work by the end of 2026.

Teachers

At Committee, I had noted significant work was needed for both the teachers' and NHS schemes to ensure we had the correct data to process Remedy calculations, and that we were targeting 25% completion of teachers' RSS by the end of 2025.

We are continuing work to correct a number of data inconsistencies within historic teachers' retirement records, which result in errors when we attempt to run the immediate choice calculations. We have also identified that there are around 800 fewer teachers eligible for Remedy than previously forecast due to a mis-categorisation of employment status.

We have, therefore, revised down the number of the overall cohort and at the 3 March we had issued RSS to 17% of retired teachers.

We are preparing to issue RSS to a further cohort of teachers in the next quarter and will continue to track our plans closely and report progress throughout the rest of 2026.

NHS

At Committee I noted we were targeting 40% RSS completion by the end of March. As at 3 March, we had completed 26% and will continue to track and report against our plans throughout 2026 and into 2027.

Initial analysis of impact of Remedy choices on members' benefits

One of the questions the Committee asked of me was the extent to which members benefit from McCloud Remedy. Since December, we have been able to carry out some initial analysis of retired member choices in the police scheme. Of those who have been offered their Remedy choice to date, 73% chose not to change their current entitlement. This suggests they were already on the scheme most beneficial to them. For the 26% who have chosen to change their entitlement, the average increase to their regular pension payment was around £178 per month, which is around 9% of the average police pension scheme salary of £20,205. One percent of members chose to decrease their regular pension payment in favour of a larger lump sum or injury benefit.

The impact mostly depends on the individual's retirement date. Those who retired closest to 2015 will be due less than those who retired after 2019 because these individuals benefit from more Remedy years where the adjustment is applied. Similarly, because of the nature of final salary schemes compared with career average schemes, individuals who were promoted to better paying roles in or after the 2015-19 Remedy period are the members who gain most from the McCloud Remedy.

There are similarities between the firefighters' scheme and the police scheme, so we expect Remedy for retired firefighters to follow a similar pattern. For the NHS and teachers' schemes, the difference in structure between the final salary scheme and career average schemes is not as significant, so we would expect a smaller group of members to elect to take reformed scheme benefits, and the percentage benefit to their pension when they do to be smaller. However, a full understanding of impacts will only be possible upon the completion of the exercise.

Conclusion

We recognise transparency must accompany delivery if confidence in the Agency is to be restored and will continue to report openly on progress.

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

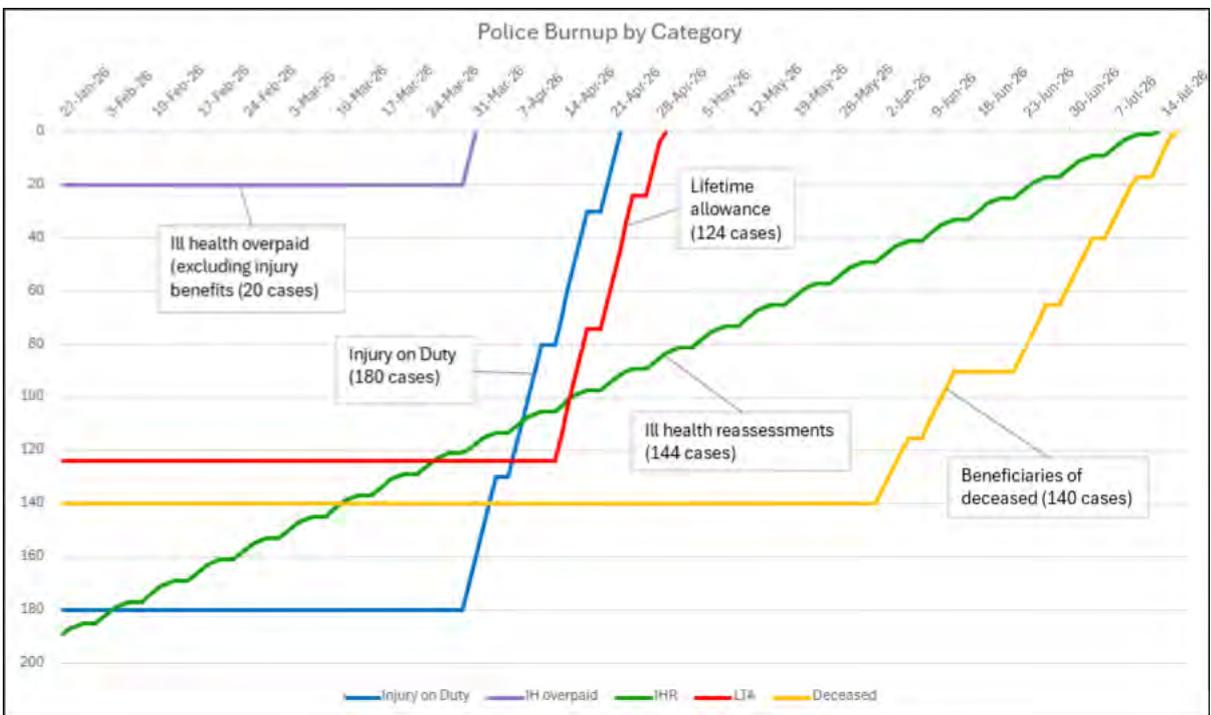
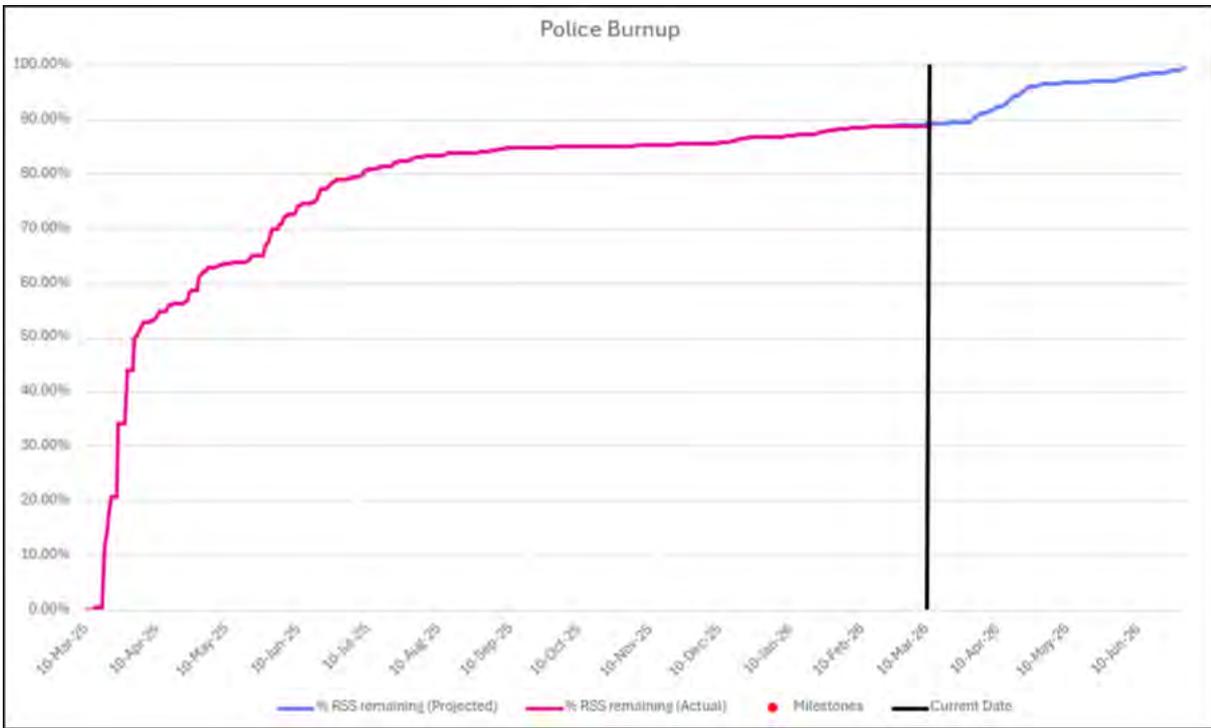
Annex A

Delivery Progress to 3 March 2024 by Scheme

Scheme	Active			Retired	
	No.	%		No.	%
NHS	58,593	86.7%		9,924	26.2%
Teachers	28,402	86.5%		3,477	17.0%
Police	7,485	97.8%		4,787	89.0%
Firefighters	1,903	86.6%		465	25.3%
TOTALS	96,383			18,653	
COMBINED TOTAL	115,036				

Annex B

Police Immediate Choice Delivery Plans



Minister for Public Finance
Ivan McKee MSP



Scottish Government
Riaghaltas na h-Alba
gov.scot

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17 February 2026

Dear Kenneth,

Scottish Public Pensions Agency (SPPA) – administration of the McCloud Remedy

Thank you for your letter dated 17 December 2025 regarding the SPPA's administration of the McCloud Remedy and informing me that you have invited SPPA Chief Executive Officer, Dr Pathirana, to return to Committee to provide further evidence on 17 March 2026.

As you are aware, the 2015 McCloud Remedy is a UK-wide response to a court case brought against the UK Government. The programme requires public service pension scheme administrators to calculate and set out in remediable service statements benefit options in two different schemes for the remedy period between 2015 and 2022, and to process members' choices once made. The SPPA has approximately 215,000 eligible members across the four devolved public service occupational pension schemes it administers, a mixture of active, deferred and pensioner members.

With the benefit of hindsight, it is clear that when the UK Government set the original deadline for the McCloud remedy they did not understand the complexity of the remedy they were asking pensions administrators to implement. This has meant that pensions administrators across the UK, including the SPPA, have had to extend deadlines, and many scheme members have been given an unrealistic expectation about when they might receive their McCloud Remedy choice and any subsequent payment.

In my view, this could have been avoided: firstly, had the previous UK Government not made changes to public service pensions that were later found to be incompatible with the ECHR; secondly, had a thorough analysis of implementation been commissioned prior to setting timeframes; and thirdly, had the relevant UK departments issued the necessary guidance on time in accordance with the timetables set. You may be aware that some of that required guidance did not arrive until after the original deadlines had passed.

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I understand the Committee is interested in the wider UK context and that other public service pensions administrators are facing these same challenges as the SPPA. That said, I would echo the apology Dr Pathirana made to those members still awaiting their remediable service statements, as after years of valued public service they should have easy access to information to make a decision on their full pension entitlement. This situation is not of their making, and they deserve all our best efforts to resolve this situation as quickly as possible.

Scottish Ministers have supported the SPPA to deliver the remedy for pensioners as quickly as possible, agreeing additional funding, in recognition of the SPPA's requirement to deliver the resource intensive and complex the McCloud Remedy programme alongside delivering SPPA's core functions to calculate and pay on time the pensions of Scotland's police officers, firefighters, teachers and NHS workers.

SPPA's combined resource and capital budget increased from £23.9 million in 2022/23 to £27.5 million in 2023/24, before rising to £33.4 million in 2025/26 and £38.1 million in 2026/27. This year's increased settlement is in line with what the SPPA set out as being necessary to deliver on its obligations. It is unfortunate that despite the McCloud Remedy being a UK-wide issue, and one the UK Government was responsible for creating, that the UK Government has not provided any additional central funding to departments or devolved administrations to manage this programme of work.

You noted that the Committee members would welcome information on the support provided to the SPPA and the challenge function performed by Scottish Ministers and by Scottish Government officials. I refer you in the first instance to the framework document between the Scottish Government and SPPA, which sets out governance arrangements in full: <https://pensions.gov.scot/corporate-publications/framework-document>.

In terms of delivery, I receive regular updates on SPPA's delivery of the McCloud Remedy and have quarterly and ad-hoc meetings with Dr Pathirana and SPPA officials. I also visited SPPA's offices in Tweedbank in August 2025 to see for myself the scale of the programme of work being conducted. This included updates on SPPA's:

- steps to increase capacity within the executive team, improve governance and improve people management;
- recruitment of around 100 additional staff, enabling 103 of their colleagues to work on Remedy, including 39 pensions specialists;
- investment in automation, working with the Scottish Government's Automation Centre of Excellence to speed up processes for calculating statements and issuing choice letters; and
- investment in an innovative Business Transformation function to support remedy and other core programmes and modernise processes – such as through the rollout of an online portal, Engage, which will allow members to update personal information, access a current valuation, view pensions forecasts and access documents.

DG Corporate is the Senior Lead Officer for SPPA and as part of our governance is in regular and productive contact with both Dr Pathirana, and the Chairs of SPPA's Management Advisory Board and Audit and Risk Committee. As part of the Scottish Government's Audit & Assurance process, the relationship with public bodies, including

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SPPA, is reviewed quarterly and a RAG rating assigned to each body. An annual risk review is also conducted with sponsorship and public bodies across the Scottish Government, which involves deep dives with each DG family to understand the RAG ratings assigned to public bodies and to explore any known issues. In addition, the McCloud programme has been assessed by the Scottish Government's Digital Assurance Office at selected points in its implementation.

The SPPA has written directly to members on the progress of their RSS which demonstrates a commitment to improved communication. I am confident SPPA is making progress and will continue to prioritise issuing clear and accurate RSS as quickly as possible while ensuring it remains able to process member choices once made. I am sure Dr Pathirana will be happy to expand on any of the above points at the Committee meeting on the 17 March 2026.

Yours sincerely,

Ivan McKee

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