



Scottish Public
Pensions Agency
Buidheann Peinneanan
Poblach na h-Alba

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

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Dear Kenneth Gibson MSP,

Administration of the McCloud Remedy

Thank you for your letter dated 23 September, in which you seek an explanation for the extension to delivery deadlines for the McCloud remedy project, details of the numbers of those affected, and the schemes involved.

I understand your disappointment at the delays, which have been necessary despite our best efforts to make progress in delivering for our members. As I set out in my letter dated 2 April, the programme of work requires SPPA to recalculate pensions and design communications – in the form of “remediable service statements” (RSS) - for approximately 215,000 members across four public service schemes – the Scottish NHS, Teachers’, Police and Firefighters’ schemes, each with three sections to them. The legacy schemes, in particular, provide a range of different benefits, and members’ individual circumstances can also add to the complexity of work. This is clearly a significant increase on workload on top of business as usual. Therefore, my letter noted that while we were hoping to have all work completed by the end October 2025, that there remained a number of unknown factors that could impact delivery (such as potential data issues that we were working through with employers, or technical problems we may encounter as we work through different batches) and that if the timescales changed we would inform stakeholders.

Delivery timescales

Remedy remains the agency’s top priority. Our aim continues to be to ensure the RSS are as accurate and clear as possible – to get it right first time – and to ensure we can process members’ remedy choices quickly once made. This must be done while protecting our business-as-usual delivery, including making sure all members affected by remedy can continue to be paid their pensions at their current rates until such time as they are able to make their remedy choice.

Although I recognise the work of other UK pension schemes is not the focus of the Committee, in liaising with counterparts in the UK it is clear that SPPA’s progress is broadly comparable to other public service pension scheme managers who are managing remedy – for example in having completed around 85% of the work in respect of the Police scheme. Further, in some aspects we

are ahead of other scheme providers – for example in developing new payment processes that will allow us to process members choices quickly, including by efficiently revising payments already in place. This ensures that after a member makes a remedy choice that changes their entitlement, they do not have to wait long until the payment is adjusted, and any arrears are paid. While good progress is being made, 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 McCloud remedy is not the only project we are managing. On top of routine work, we have other critical programmes to deliver. These include 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. This has inevitably tested our programme management capacity in such a technical area as pensions.

I have, therefore, engaged with the Pensions Regulator in taking the difficult decision to change the delivery timetables. 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. Overall, I expect 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. We will keep individuals impacted by this informed as we work through further planning and delivery.

Delivery approach

I hope the following information provides some more insight into some of the challenges that are causing the delays and what we are doing to address them. As noted, many of the cases we are processing contain complexities which make them time consuming to complete. These cases require specialist manual processing by experienced subject matter experts who can interpret detailed legal and policy guidance to accurately calculate your pension choices. Once the calculations have been completed, this information must be processed carefully and accurately so that we can delivery members' remedy choices. This work continues to be challenging and can only be undertaken by our most experienced professionals.

Our approach to RSS production involves building basic processes first, ensuring the fundamentals are correct, then continuing to interpret, understand and apply the calculations to other member cohorts, prioritising ill health cases. From the outset we aimed to prioritise certain sensitive casework, such as production of RSS to those pensioners who retired on grounds of ill-health. During development, it became clear that automation improvements allowed us to move at pace in producing more standard RSS. This means that where we have developed a solution for one of our more complex, priority member's cases, we will look and see where else we can apply that solution across other member's cases to ensure we are making as much progress as possible. We then continue to build on that automation to support delivering for even more complex casework.

Digital improvements

During our work to deliver remedy, we are also taking opportunities available to successfully introduce fundamental improvements to the way we operate. This includes the development of

automated processes, the design and production of an industry standard calculation system that can help inform our future digital strategy, and also a new online portal that allows scheme members to view benefit information including RSS and annual benefit statements.

Communications

I have also taken steps to improve our communication strategy. This includes producing regular member newsletters and providing key stakeholders – member and employer representatives on our pension boards – with a weekly progress update in the form of a dashboard. Where it is becoming clear that we are not going to meet revised deadlines for the delivery of immediate choice RSS to pensioners, we are writing directly to members to let them know, explain in more detail their individual circumstances and what we are doing to make things right.

I hope this provides the committee with reassurance that the McCloud remedy remains SPPA's focus and that although we are having to extend our delivery predictions, we are making good progress. We are working hard to deliver this programme of work and have made substantial improvements to working efficiencies along the journey. I would be pleased to provide you with regular updates of our progress.

Yours sincerely

Stephen Pathirana
Chief Executive