

T: 0300 244 4000
E: scottish.ministers@gov.scot

Kenneth Gibson MSP
Convener
Finance and Public Administration Committee
The Scottish Parliament
Edinburgh
EH99 1SP
Email: FPA.committee@parliament.scot

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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St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

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