

Police Pension Scheme

2025/04

Who should read:

- Scheme members eligible for McCloud remedy
- Employers
- Member representative bodies
- Pension and Scheme Advisory Boards

Action: For information

Subject: McCloud Remedy administration – Remediable Service Statements

Date: 15/04/25

The purpose of this circular is to set out the revised deadlines for the delivery of Remediable Service Statements to scheme members.

Background

Public service pension schemes were reformed in 2014/15, with final salary schemes closing and being replaced by schemes with benefits based on career average earnings. The changes did not apply to older members closest to retirement. However, in 2019 the Court of Appeal determined, in the McCloud judgement, that this amounted to age discrimination.

As a result of that ruling, significant legislative changes have been introduced to remedy the age discrimination that occurred during the ‘remedy period’ between 1 April 2015 and 31 March 2022. These changes, introduced by the Public Service Pensions and Judicial Offices Act 2022 (the 2022 Act) are known as the ‘McCloud remedy.’

The legislation that introduced the McCloud remedy stipulates that all members will be automatically returned to their previous pension scheme for the remedy period. They will then have the option to choose between receiving benefits from either the final salary scheme or from the career average earnings scheme for their pensionable service during the remedy period.

Members are to be provided with their choice of pension benefits set out in a Remediable Service Statement (RSS). Active scheme members will receive RSS for the duration of their career until retirement, and pensioner members will receive one RSS to give them a choice of the benefits payable to them now. Deferred members should also be issued with their RSS at this time and can request one each year until they claim their pension.

Under Section 29 of the 2022 Act, the legislative deadline to provide an RSS to all eligible members was on or before 1 April, or ‘by 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.’ This discretion provides scope for the scheme manager to go beyond that date in respect of certain classes of member.

This circular sets out how SPPA, on behalf of Scottish Ministers as the Scheme Manager, is exercising the Section 29 discretion and seeks to raise awareness and understanding of the new delivery timescales for RSS.

The current position

The overall programme being managed by SPPA is complex as it requires RSS to be issued across four large public service schemes to active, deferred and pensioner members. The levels of complexity have resulted in much of the original delivery timeframe for RSS being absorbed by planning and working through complexities extending beyond the scheme rules. This has affected the overall timescales for delivering all the RSS across all schemes.

The McCloud remedy remains SPPA's key business priority. However, to ensure that members receive statements that are robust, accurate and enable them to make an informed decision, a revised delivery plan has been put in place for these statements. Our focus continues to be pensioner members who may be in receipt of benefits that are lower than they would be had the discrimination not occurred. However, we have also taken the decision to avoid additional delays for other members where it is possible to provide them with an RSS sooner, for example where the calculations are less complex.

We are sorry that these issues mean that some members will receive their RSS later than anticipated and recognise the impact this may have. We continue to work hard to deliver RSS as quickly as we can, and the revised deadlines are designed to provide certainty and clarity.

We published anticipated delivery dates on the SPPA website in February. These dates have been shared with the Pensions Regulator and are set out in more detail in the table below:

| Member Class | Total number of members (including those members who have already been issued with an RSS) | RSS Extension |
|---|--|----------------|
| Retired by 1/10/23 – formerly protected | 3,746 | 31 July 2025 |
| Retired by 1/10/23 – formerly unprotected | 218 | 31 July 2025 |
| Retired by 1/10/23 – formerly taper protected | 1,100 | 31 July 2025 |
| Retired between 1/10/23 and 1 July 2025 | Done | N/A |
| Active | 8,170 | 31 May 2025 |
| Deferred | 1,846 | 31 August 2025 |

Stephen Pathirana
Chief Executive Officer
15 April 2025