Public Accounts
Committee

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12 March 2026

Follow-up – Administration of the Civil Service Pension Scheme

Dear Catherine

Thank you for your ongoing engagement with the Committee around the issues with the administration of the civil service pension scheme.

On 12 February 2026 the Committee heard evidence from Capita on what it regards as the reasons for service failures and what it is doing to rectify the situation. As that session did not look in any detail at the issue of recovery loans, I wrote to you immediately after that session to seek further information on how those loans are being progressed. Thank you for your response dated 23 February where you set out details on the loans and provided an update on progress of the recovery plan. The Committee discussed this letter and noted that the term "hardship loans" is rather demeaning and adds insult to injury to those impacted. We suggest the term "hardship loans" be deprecated in favour of a less emotive term, for example, the term "transitional support loans" which you refer to in places in your letter. As to those who do not qualify for loan support, we would be grateful if you could provide details on the following:

1) Can you confirm which government bodies are not currently issuing these loans?
2) How are you exercising oversight over Capita and ensuring payments are made to spouses and dependents of deceased members, and payments due to deferred members?

I also wish to ask you some further questions on your view as to why things went so wrong with this transition from MyCSP to Capita and to understand what progress is being made with the recovery plan in further detail.

In the letter you sent to the Committee on 11 November 2025, you assured us that you were "satisfied that the most significant of transition risks have been adequately addressed"

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and that you were "satisfied that Capita has taken measures to mitigate risks across the four key remaining transition areas since I last updated you: payroll, security, testing and disaster recovery." In your Treasury Minute response, published in December 2025, you further assured the Committee that you had "ensured that there is sufficient contingency in the Capita systems to ensure the delivery of service" and that you were "confident that the service proposed and tested by Capita is robust".

We know from subsequent events that those assurances turned out to be misplaced. When asked for their assessment as to what had gone wrong, Capita told the Committee that it was "surprised" at the size and nature of the work that it received at handover from MyCSP, despite the two-year transition period. It told the Committee that it had inherited a much larger backlog of work than it had been anticipating, consisting of around 90,000 work-in-progress cases, instead of what it referred to in correspondence as the "agreed" level of around 37,000 cases. Capita also told the Committee that it was "unheard of" to receive 16,000 unread emails, and that they did not know how many unread emails there were until they were migrated at transition. Additionally, it also told the Committee that it received 20 million lines of corrupt data at handover, which were hindering the resolution of outstanding cases.

3) Given the discrepancies between the assurances that you gave the Committee and the reality of what has unfolded, can you answer the following: Was the Cabinet Office aware of the size and scale of the potential problems that Capita was going to inherit on 1 December 2025, specifically that Capita would receive from MyCSP 90,000 (complex) work-in-progress cases, and 16,000 unread emails?

    a. If you were not aware, was that because: (i) you did not ask MyCSP about the size and complexity of the work-in-progress cases to be handed over to Capita; or (ii) you did ask but received materially different information from MyCSP? If (ii), what was the number and description of the case load you were provided with?

    b. In answering this question, please could you let us know precisely what information did (i) the Cabinet Office (ii) Capita have on 1st December 2025. Capita told us in their letter of 23rd February 2026 that 'the transition did not disclose the age or type of case within the backlog'.

4) Was it the Cabinet Office's responsibility to ensure that acceptable levels of work would be handed over from MyCSP to Capita and by how much in advance of 1st December 2025 was Capita fully informed of the situation so that they would have been able to conform to the KPIs in the contract to run all aspects of the Civil Service Pension scheme in a reasonable timescale?

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5) If Capita is correct in its assessment of what it inherited from MyCSP, what financial penalties will Cabinet Office be applying to MyCSP for its failures to deliver an adequate service in the last few months of its contract? Did you set MyCSP targets in this regard? If so, what were these targets and were they met?

6) Why did this handover go so badly wrong, given there was a two-year transitional period to ensure service continuity, and what should have been done to avoid this?

In your letter to the Committee dated 2nd February 2026, you provided details of the recovery plan that you were developing with Capita, including "strict targets" to restore service for the most vulnerable members, such as resolving outstanding death-in-service cases by 12th February. However, when we asked Capita about whether it had met this target, it was clear it had not and claimed it "did not have visibility of that date", rather stating that they had committed to resolving such cases by the end of February. We note that in your most recent letter, dated 23rd February, you refer to a different target date: "For our most sensitive cases like death in service and ill health retirement, our goal is to have either made the payment or undertaken all activity that we can while waiting for the members' representatives to respond by the end of February."

7) What is the reason for the discrepancy between what your two letters stated regarding the target for death-in-service cases, and what Capita told us they had agreed to?

8) Are you confident that Capita and Cabinet Office have a shared understanding about other targets you have set out in the recovery plan?

At time of writing, we note that the two initial "sprint" phases of the recovery plan have finished. Capita quoted several target dates by which it expected to restore service levels in key areas. For example, it said that all members who have received a quote and have gone through the necessary paperwork will get their lump sums by the end of February; that it expects recurring retirement payments to be normalised by the end of April; and, that it aims to answer 80% of calls within 30 seconds by the end of February, despite the average waiting time in the week preceding the session being an hour and 55 minutes. We note that your letter of 23rd February states that this has now reduced to 26 minutes and 17 seconds. We have also taken note of your stated goal to return all aspects of the service to standard contractual levels by June 2026.

9) Did the two initial "sprint" phases of the recovery plan achieve its objectives?

10) Which key service levels are Capita now delivering to target levels?

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11) What further action do you plan to take if there isn't service improvement by the end of June?

Lastly, it was reported on 26th February that Capita has just been awarded a £700 million civil service payroll contract by the Department for Work and Pensions. It seems extraordinary that given the failings that are currently being exhibited in its administration of the civil service pension scheme that Capita would be awarded such a contract. Can I ask what discussions, if any, you, or senior officials within the Cabinet Office had with DWP officials about Capita's performance prior to the award of this contract?

There was a discussion at the PACAC session on 3rd March about the 143 colleagues deployed on the surge team. Please can you clarify

(a) how long do you envisage they will remain?

(b) Was it a contractual term with Capita that they should be provided? If not who will pay for the full cost of the taxpayer providing for them?

I would be grateful if you could write back on these points by Friday 20th March.

I am copying this letter to the Comptroller and Auditor General and to the Treasury Officer of Accounts.

Yours Sincerely

Geoffrey Clifton-Brown

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Chair of the Committee of Public Accounts

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