

Branch briefing BB-08-26

To: Branch chairs, secretaries and workplace representatives

23 January 2026

Pensions administration crisis update

Summary

PCS has again written to the Chief Operating Officer for the Civil Service, stating that PCS and sister unions are gravely concerned about the increasing failings of the Civil Service Pension Scheme administration, now undertaken by Capita.

We have made clear in our letter that, what was originally described by Capita and the Cabinet Office as initial “teething troubles”, have now escalated into systemic failures that are preventing consistent and timely pension payments for many scheme members.

PCS have reiterated that unions require immediate, concrete action and clear assurances from the Cabinet Office and Capita, on resourcing, the timetable for backlog clearance, and the prioritisation of cases.

Background

In our letter, we reminded the Chief Operating Officer that in July 2025, as part of her evidence to the House of Commons’ Public Accounts Committee, she observed that Capita may have underestimated the transition complexity; and she was clear that the transition from the previous contractor (MyCSP/Equiniti) to Capita must not be allowed to fail.

Despite this, the Cabinet Office proceeded with the handover on 1 December 2025; in the process, assuring unions that the service from Capita on ‘Day One’ would be at least as good as the previous administrator.

Current issues

Later in December 2025, Capita disclosed they had inherited a backlog of 86,000 cases from MyCSP/Equiniti, leading unions to write to the Cabinet Office, setting out our demand for clarification of the resources Capita are committing to backlog clearance and how long the backlog will take to clear.

We had also called on the Cabinet Office to urgently commit to prioritising the main business of the scheme administration, over that of completing the 5,000 Voluntary Exit Schemes (VES) currently underway, given that these individuals are still in employment, and will not be suffering the same degree of hardship.

In our latest letter to the Chief Operating Officer, we asserted that the problems now extend beyond data-transfer “teething troubles”, to a fundamental inability to deliver the scheme’s primary function: paying pensions and lump sums reliably and on time.

We added that the handling of the large backlog is now causing financial hardship for retirees, those partially retired, and potentially causing issues for members awaiting beneficiary changes.

PCS also made clear to the Chief Operating Officer that following our earlier letter, we had met with the Cabinet Office hoping to receive the information and assurances we sought; but that disappointingly, the meeting did not produce any clear commitments on Capita's resourcing; neither did it provide a credible timetable for clearing the backlog, nor any firm application of prioritisation criteria.

In fact, we argued, only real substance that emerged from the meeting was the Cabinet Office intends to establish a team, to develop a recovery plan and consider its options.

Our Priorities and Demands

We have reiterated to the Chief Operating Officer that immediate case prioritisation is required, with Capita being directed to prioritise:

- Hardship cases, including retirees, partially retired, or leavers awaiting payment; where full payment is not immediately possible, offer bridging payments
- Members imminently retiring or partially retiring
- Bereavement cases and any requested beneficiary changes.

We also reiterated that a compensation-based mechanism is required, with the Cabinet Office considering proactively opening a compensation scheme for cases of serious delay, rather than forcing individual Internal Dispute Resolution complaints.

Critically, we reminded the Chief Operating Officer that we are calling for VES de-prioritisation; arguing that VES quotes and completions should not take priority over any of these critical cases, and if necessary, completion of VES exercises should be delayed, to protect pensioners facing hardship.

Risks and concerns

PCS has made it clear that there is a human cost to this crisis, with continuing delays risking severe financial hardship for pensioners and bereaved families.

We have also reminded the Cabinet Office that any failure to de-prioritise VES quotes and completions, would be tantamount to offering perverse incentives; meaning cost-saving through early exit priorities is being allowed to override pension payments - something which would be placing financial considerations above scheme member welfare.

Following the many failings of the previous contractor, and all of the problems being generated now that contractors have changed; it is becoming clearer and clearer that where the scheme administration is concerned, privatisation has been nothing less than a failed model; and if Capita cannot urgently remedy the current failures, we insist that returning the physical administration in-house and under ministerial control must be on the table.

Immediate actions and assurances required

PCS again made clear in our letter to the Chief Operating Officer, that we are still seeking the following urgent clarification and commitments from both the Cabinet Office and Capita:

1. Resourcing clarity: Immediate disclosure of the resources Capita is committing to clear the backlog
2. Timetable: A firm estimate from both the Cabinet Office and Capita for how long backlog clearance will take
3. Directed prioritisation: A formal instruction that Capita will prioritise hardship cases, those imminently retiring or partially retiring, and bereavement/beneficiary-change cases
4. VES assurance: An urgent assurance that, if required by the above prioritisation, the completion of VES schemes will be delayed
5. Remit for recovery team: Confirmation that the review team will explicitly include full and meaningful consideration of returning the physical administration of the pension scheme to the civil service.

Conclusion

PCS has been unambiguous in stating that we expect immediate, decisive action, rather than just some kind of review. The questions and prioritisation decisions required are clear; and must be answered and implemented now.

We have also made it clear that one thing is certain: if Capita cannot demonstrate rapid, effective remediation, the Cabinet Office must commit to considering the return of scheme administration to the public sector, to protect the interests of 1.7 million scheme members.

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