

Branch briefing BB-18-26

To: Branch chairs, secretaries and workplace representatives

17 February 2026

Civil Service Pensions chaos update

Summary

Issue

Major backlogs in the Civil Service Pension Scheme administration have caused widespread hardship for retired civil servants. In the most recent development, **Capita**, the new contractor, appeared before the House of Commons **Public Accounts Committee (PAC)** on 12 February 2026.

PCS and sister unions met the Cabinet Office and the working party on 13 February 2026, to press for an urgent resolution to the chaos and full accountability. The working party has acknowledged a future review of what went wrong will be required.

Background and context

Contractor appearance at Inquiry

Capita gave evidence to the PAC on 12 February about progress and missed targets.

Union engagement

PCS and other unions met the Cabinet Office and the working party on 13 February, to follow up on PAC evidence and to press for immediate action for all vulnerable members.

Record keeping

PCS is maintaining a full record of events and will seek to investigate root causes once the immediate crisis is managed.

Key takeaways from the meeting

Missed deadlines

Capita had committed to deadlines for restoring service for the most vulnerable (death-in-service by 12 February; ill-health retirement by 27 February). The working party reported there were an additional c.150 previously uncategorised death-in-service cases; and said the 12 February deadline has not been met as a consequence. These cases are scheduled to be completed by the end of February.

Closed cases reopened

Additionally, some cases marked as “closed” by MyCSP were found not to be closed after all.

Old retirement quotes

Approximately **8,000 outstanding quotes**, believed to be retirement quotes, were also identified; and **c.1,000 of these pre-date 1 December 2025**. The working party is contacting older cases to confirm their retirement intentions. PCS warned that many of these people may already have left and should now be prioritised.

Priority cases timetable

Capita told the PAC that **priority cases** would be in payment by end of April 2026. The working party explained this assumes lump sums will be completed by end of February, with monthly pension payments starting about two months later.

Letters to scheme members will set out this two-month expectation, plus that interest will be paid. PCS continues to press for clarity regarding the payment of interest and that timely interest payments will be made.

Voluntary Exit Scheme (VES) priorities

VES priority definitions were given by the Cabinet Office: **Priority 1** cases are urgent (e.g. a building closure); **Priority 2** are cases where March departures have been committed to; and **Priority 3** are likely offers but with no firm commitment made. PCS continues to call for all VES activity to be paused until backlog cases are completed and in payment.

Additionally, we have been informed that some departments are now calculating their own VES quotes, because of the backlog. For younger staff, this may not carry quite the same risk, but we have grave concerns if departments are beginning to calculate exit quotes for staff who are close to accessing their pension.

Surge deployment costs

HMRC’s Surge and Rapid Response staff have been deployed and paid for by the Cabinet Office. The Cabinet Office is keeping records and may raise commercial discussions with Capita later. PCS asked for a commitment to sharing deployment cost details with unions, but the Cabinet Office declined to make such a commitment. We will continue to press for this.

McCloud Remedy (‘Project 7’)

Contractual arrangements with Capita have **not** been finalised for the McCloud Remedy element (‘Project 7’). Project 7 includes issuing c.73,000 remedial statements for retired/deceased members and c.20,000 for deferred members, plus establishing contingent decision processes. The project remains in a prolonged ‘discovery phase’ and its delay is a serious concern.

Hardship measures

Hardship guidance has been issued to departments and payments are being made. A new escalation route and fast-track/advance processes via Capita have been set-up. The Cabinet Office has stated that it prefers resolving death-in-service cases urgently, rather than issuing hardship loans.

Implications and risks

Member hardship

Continued delays are risking further financial hardship for retired members and their dependants.

Timetable credibility

We still consider the deadline of **June 2026** for full backlog completion to be unacceptable and, based on the current status of their plan and lack of adequate experienced staffing, we are concerned the deadline is not likely to be met; especially while VES cases are being prioritised for March completion.

Commercial accountability

Lack of transparency on the cost of civil servants' deployment to cover Capita's contracted work, raises even more questions about the Cabinet Office's contract management and whether these contracts achieve any real value for money.

We still believe that had this service remained in the Civil Service and not placed in the hands of the Private sector that this would not be in the chaos that it currently is. It remains a farce that the taxpayer is effectively paying twice for this mess.

Remedy slippage

Delays to the McCloud Remedy risks further hardship, and legal and reputational consequences. PCS are firmly of the position that it must not be allowed to drift.

Actions for PCS and next steps

Continue urgent pressure

We need to maintain relentless pressure for rapid completion of death-in-service, ill-health retirement, and other priority cases.

Demand detail on interest payments

We will seek full clarity on how and when interest for late pension payments will be calculated and paid.

Seek cost transparency

We will insist the Cabinet Office provides full details of the cost of deploying civil servants ('Surge') to perform work contracted to the private sector.

Protect the McCloud Remedy

We will escalate as necessary, to ensure outstanding elements of McCloud are contracted, resourced, and scheduled without further delay.

Pursue PAC request

The PAC Chair has asked the Civil Service Chief Operating Officer for details of the Cabinet Office's overall commercial strategy for pension administration, including in-house versus contracted options; PCS will also pursue receipt and scrutiny of that strategy.

Insist on inquiry participation

We will demand a full, open inquiry into the causes and we must be included in the handling of that review.

Updates

We will continue to keep members informed following each meeting with the Cabinet Office.

Early Day Motion

An Early Day Motion (EDM) is circulating. Branch should encourage your members to ask their MP to sign the EDM. [You can find the EDM here.](#)

Notes for Briefing recipients

Key dates

Capita PAC appearance on 12 February; PCS meeting with Cabinet Office on 13 February.

Quantities referenced

c.150 uncategorised death-in-service cases; c.8,000 outstanding quotes, c.1,000 of these are pre-1 December 2025; c.73,000 remedial statements (retired/deceased) and c.20,000 remedial statements (deferred) are still to be completed and are not yet contracted for.

PCS position highlights

Pause VES until the backlogs are cleared; continue to press for prompt payment of hardship loans and insist on interest payments; demand transparency on Surge costs; prevent further delay to the McCloud Remedy; our full participation in the post-crisis review.

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