

## **Branch Briefing BB-19-26**

**To: Branch Chairs, Secretaries and Workplace Representatives**

**25 February 2026**

## **Civil Service Pensions Crisis Update**

### **Summary**

Major backlogs in the Civil Service Pension Scheme administration have caused widespread hardship for retired civil servants. The unions and MPs continue to receive unprecedented volumes of requests for assistance.

PCS met the Cabinet Office and the working party, via the NTUC, again on 20<sup>th</sup> February 2026. A significant increase in payments being made by Capita was reported along with a reduction in call waiting times. Whilst this was welcomed it is clearly only a start with the Scheme conceding that recovery to acceptable levels of service is still many months away. In the meantime, new retirements will continue to add to the backlog and many scheme members will continue to find themselves reliant on the system of transition loans. These loans are capped at £10,000 under HMRC rules.

The Scheme will pay interest on overdue payments at Bank of England base rate plus 1%. PCS continues to press for proper compensation for the distress caused to retiring scheme members whose payments were delayed by the breakdown in service at Capita. Branches should ensure that members in difficulty know how to contact their employer to access a transition loan.

### **Background and Context**

PCS first wrote to the Cabinet Office about the declining levels of service provided by MyCSP in 2024. Following critical findings about the administration of the scheme by the National Audit Office, the Cabinet Office PUS gave evidence to the Public Accounts Committee in July 2025 which revealed that Capita had not completed the necessary preparations to take on the scheme from 1<sup>st</sup> December 2025. A series of consultations with the unions was put in place prior to a critical “go or no go” decision point in the autumn of 2025. PCS called for the administration of the scheme to be brought back in-house and warned that all indications pointed to unacceptable risk in making the transition to Capita. The Cabinet Office decided at the eleventh hour to proceed. The volume of unactioned work in progress at transition, including inbound contact, was eventually put at over 120,000 items. For an extended period following transition Capita had insufficient system functionality to process cases.

## Reports from the Cabinet Office and working party

### Digital access

PCS receives many complaints about members being locked out of the Capita portal. The actual number was 16,000 with 13,000 having had to re-register. A track my case function is expected to go live at the end of February.

### Contact Centre

It was reported around 80% of callers get through. To put this the right way around, one caller in five gives up. An average call waiting time of 18 minutes was claimed but is claimed but this is not reflected in the caller experiences reported by PCS members. It was pointed out that one of the most typical complaints is that call agents are unable to answer the caller's question.

### Death in service cases

The commitment which had been put back by three weeks to the end of February was reported to be on track to be met.

### First payments and Pension Lump Sum

On the basis that it is quicker to make one off payments than to set up cases on the monthly payroll, the majority of new payments are payments of lump sum which will be set up on payroll later. There will be a knock-on effect on first payments of pension, the majority of which are already well overdue. Until the payroll is fully up to date (estimated by May) new monthly payments will be made at 70% of gross value as a "safe" payment to avoid later overpayments when tax codes are applied.

### Timetable

Angela MacDonald indicated that the objective is to have added the priority cases to the monthly payroll by May with priority payments having been made in the interim as described above.

### Interest on delayed payments and compensation!!!

During the chaos which followed the transition from MyCSP to Capita, many of the most affected members of the Civil Service Pension Scheme contacting PCS, have rightly raised the issue of compensation. ***Overdue pension and lump sum will have interest added at Bank of England base rate (currently 3.75%) plus 1%.*** This does not reflect the suffering caused, with many pensioners deprived of their main source of income having faced not being able to cover household costs. Although the tariff may not be generous, the Pension Ombudsman does have the power to direct the scheme to compensate for maladministration. In talks on this issue PCS will continue to seek the best available redress.

### Civil Service Compensation Scheme

PCS continues to call for all VES activity to be paused until backlog cases are completed and in payment. The Cabinet Office has resisted this but has requested Departments to consult them on all planned VES schemes and also all known future VR and CR demand.

### McCloud Remedy ('Project 7')

The delay in the remediation of cases is a grave concern. It is clear that the scheme will be reliant on standing up Project 7, which includes issuing c.73,000 remedial statements for

retired/deceased members and c.20,000 for deferred members, plus establishing contingent decision processes, within six months from autumn 2026, in order to meet its commitment to the Pensions Regulator to complete before April 2027.

### **Transition Loans**

In response to PCS making clear the negative feedback from scheme members who are owed payments being asked to demonstrate hardship. The Cabinet Office now refers to the emergency scheme as Transition Loans. Where loans are declined PCS will escalate cases and where members are not eligible because they have not been employed within the last 12 months, they should contact Capita in the first instance to see if they can be fast-tracked.

### **Next Steps**

PCS will:

- Continue to press for the recovery activity to be speeded up and for the provision of quotes to scheme members applying to retire.
- Campaign for work on the McCloud Remedy to be resumed as soon as possible.
- Insist on cost transparency including full details of the cost of deploying civil servants to perform work contracted to the private sector.
- PCS will also press for details of the Cabinet Office's overall commercial strategy for pension administration, including in-house versus contracted options and for TU participation in the review which has been promised.

### **Action for branches**

To provide first response to members in difficulty. To ensure members know how to access transition loans from the employer and to escalate cases where necessary.

**Fran Heathcote**  
General Secretary

**Martin Cavanagh**  
President



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