

Branch Briefing BB-41-26

To: Branch Chairs, Secretaries and Workplace Representatives

18 June 2026

Pension Scheme Administration Crisis Continues

This briefing updates you on the latest in the Civil Service Pension Scheme administration crisis, the current position against the end-of-June recovery deadline, key risks and impacts, and the next steps.

Executive Summary

Service breakdown: The administration of the Civil Service Pension Scheme remains in crisis following the unprecedented collapse in service when Capita took over the contract in December 2025.

Recovery progress: Despite being provided with considerable Civil Service support - via the Senior Civil Service-led Recovery Taskforce and 150 members of HMRC's 'Surge and Rapid Response Team', the pace of recovery has been painfully slow, with the service still mired in huge backlogs.

Missed deadlines: Capita has now missed so many deadlines that whenever it happens, the Cabinet Office seems to be numb to the fact. The latest deadline is the Ministerial target for contractual service levels to be reached by the end of June 2026; and in the latest meeting with the Cabinet Office, the department seemed almost nonchalant about the fact that they believed that Capita were unlikely to meet that ministerial deadline, and that the civil servants currently bailing Capita out, would need to stay in post for the foreseeable future.

Capita still failing: Capita has not achieved the required weekly output of 4,000 pension quotes; and in some weeks, they have produced only a few hundred.

Members still suffering: Significant delays are still causing distress, including unresolved bereavement cases and delayed Ill-Health Retirement cases, which we were told were being resolved as long ago as February 2026.

Complaints and compensation: Thousands of complaints are expected. The Cabinet Office is preparing to process Dispute Resolution complaints and anticipates having to engage with the Pensions Ombudsman.

Mitigations: The hardship loan scheme limits have had to be increased to £20,000; and HMRC guidance on the tax treatment of the payment of arrears is being made available via the Civil Service Pensions website.

Union action: PCS continues to campaign for the administration of the scheme to be brought back in-house. [The union has been running a petition in conjunction with the TUC](#) and is planning a demonstration on 1 July. Parliamentary scrutiny sessions are scheduled for 8 July.

Current status

Recovery Taskforce: [The latest update from the Recovery Taskforce](#) claims that there have been partial improvements; but acknowledges that more work is still required.

Backlog: A backlog of approximately 24,000 pension quotes remains; and clearing this backlog by the end of June 2026 is the latest deadline given to Capita.

Operational bottlenecks: Delays are concentrated at the finalisation stage, after members return pension options. Additional verification requirements are being introduced, which are prolonging the delivery of payments.

'Aged cases' review: A review of pre-1 December 2025 retirement applications has been undertaken, after earlier commitments were not met; PCS and Members of Parliament are contesting escalation-handling and prioritisation with Capita.

Bereavement cases: Despite the fact that these cases were supposed to be resolved by the end of February 2026, families continue to report long delays in processing pensions and lump sums, despite repeated escalations.

Risks and impacts

Member hardship: The continued delays inflict severe financial hardship for retirees and bereaved families, and the risk of tax consequences arising from arrears paid across tax years remains.

Reputational and political: Ongoing failures expose the Cabinet Office and contracting arrangements to sustained union, media, and parliamentary scrutiny.

Legal and financial: The large volumes of complaints are likely to lead to compensation liabilities and legal costs for the government.

Operational: The Cabinet Office now accepts that the Minister's end-of-June contractual target is now unlikely to be met.

Actions required

Immediate operational demands

- We continue to press Ministers to return the administration to the Civil Service
- We're demanding Capita provides dedicated resources to prioritise bereavement, Ill-Health Retirement and imminent retirement cases, for manual escalation.
- In order to remove avoidable delays, we're demanding that Capita remove unnecessary verification steps at payment finalisation, where it's safe to do so.

Performance monitoring

PCS will continue to demand that a clear log for escalation by unions and Members of Parliament is established; listing the interventions and confirming how these are weighted in case prioritisation.

Member support

Branches need to ensure HR teams are proactively informing affected members about the increased £20,000 limit for hardship loans.

The HMRC factsheet on tax treatment of arrears and a specimen HMRC letter to affected members was published as part of Task Force Update No.8 [which can be found here](#).

Complaints and redress

We will continue to press the Cabinet Office to scale-up its resources to process dispute resolution complaints and to coordinate with the Pensions Ombudsman.

PCS are seeking advice from legal Counsel, to ensure we preserve all legal avenues; and to seek advice on a compensation strategy.

Future service provision

In a forthcoming ministerial meeting, PCS will be once again, reminding the Minister of the final deadline given to Capita by the Paymaster General. We are preparing to present Ministerial options for alternative administration of the Pension Scheme, including accelerated in-house transition plans, ahead of Capita's expected failure to meet the latest ministerial deadline.

Engagement and communications

The clock is ticking, where the Ministerial deadline is concerned; and at the time of writing, Capita has just 14 days to return the service to its required contractual levels. In the meantime:

- PCS will continue with our weekly engagement with the Cabinet Office; to continue to press to ensure union escalations are logged and acted-on promptly.
- We are also preparing a consolidated update for the Public Accounts Committee and the Public Administration and Constitutional Affairs Committee, ahead of their combined 8 July session.
- Branches should continue to monitor PCS campaign activity, encourage members to both [sign the national petition](#) and where possible, take part in the planned demonstration on 7 July.
- Branches shouldn't lose sight of the fact that, despite the Capita's string of failures where the running of the Pension Scheme is concerned, the company has been awarded a Personnel and Payroll contract, covering around a quarter of a million civil servants in four major government departments. [Members can email their Member of Parliament here](#) to demand this decision is reversed.

We will continue to keep you fully informed of any developments.

Finally on this briefing, I wanted to draw the attention to the successful return to inhouse as per [PCS welcomes landmark insourcing win for 2,000 members | Public and Commercial Services Union](#)

I raise this here as whilst our primary concern is to end this chaos in our pension scheme, our view is that we believe the best way this could be achieved is by the return of the Civil Service Pensions scheme to be administered by the actual Civil Service.

Fran Heathcote

General Secretary