

Sally Tsoukaris

From: Amy Walker <a.walker@connectpa.co.uk>
Sent: 16 February 2026 16:49
To: Sally Tsoukaris; Jonathan Safir
Cc: Politics; Matthew Boyd; David Halliwell; Laura Blake
Subject: Public Accounts Committee Oral evidence: Civil service pensions

Follow Up Flag: Follow up
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Hi all,

The Public Accounts Committee held an evidence session with senior executives from Capita regarding ongoing failures in the administration of the Civil Service Pension Scheme following transition from MyCSP. The session focused on missed deadlines, service backlogs, contractual performance, financial implications, and restoration plans. Please see a summary of the session below:

Witnesses:

- Richard Holroyd, Chief Executive Officer, Capita Public Services
- Chris Clements, Managing Director, Capita Public Services.

Missed Deadlines and Service Restoration

- The Committee challenged Capita on its failure to meet the 12 February deadline to clear death-in-service cases, a commitment referenced in correspondence from the Cabinet Office. Capita confirmed it would not meet that date and instead expects to restore death-in-service cases to normal service levels by the end of February.
- Similarly, ill-health retirement cases are expected to return to normal by month-end.
- Executives attributed the delay to the discovery of additional historic cases not identified at transition. Members strongly rejected this as a justification, arguing that “unknown cases” cannot be used as an ongoing caveat to avoid accountability.
- Capita ultimately committed to restoring all contracted Service Level Agreements (SLAs) by the end of March.

Backlog and Case Discovery

- At takeover (1 December), Capita identified approximately 270 death-in-service backlog cases. Since then, it has uncovered an additional 138 cases not previously recorded. Executives stated that more than 105 individuals had already received payments since transition.
- The Committee expressed concern that continued discovery of cases could be used as an excuse for missing targets. Capita responded that SLA compliance will mean processing cases within contractual timeframes once identified, but acknowledged historical cases may complicate retrospective measurement.
- Executives emphasised they are reviewing closed cases and searching records to ensure no member is overlooked.

Voluntary Exit Schemes (VES)

- The Committee scrutinised Capita’s ability to process approximately 3,400–3,600 voluntary exit cases requiring quotations and payments before 31 March 2026.
- Capita confirmed:
 - The inherited list has grown to 3,663 cases.
 - 841 quotes and 502 awards have been completed since takeover.

- Priority 1 and 2 cases will be completed by mid-March, in line with an agreed joint plan with the Cabinet Office.
- The Committee pressed for clarity given prior warnings that deadlines might not be met. Capita maintained it is now on track for priority cases.

Staffing, Resourcing and Accountability

- Capita confirmed approximately 750 staff are currently working on the scheme, including 150 surge staff seconded from HMRC.
- Key points:
 - The Cabinet Office is currently covering the cost of surge staff.
 - Capita is not being paid for unmet SLAs.
 - £9.9 million in milestone payments has been withheld due to undelivered transition elements.
 - Surge staff operate under agreed terms, but Capita retains responsibility for quality control and output.
- The Committee pressed on whether Capita would reduce staffing prematurely once AI and automation tools are deployed. Executives gave a clear assurance: staffing will not be reduced until service is stable and SLAs are being consistently met.

Technology, Automation and Productivity

- The session explored Capita's original promise of productivity gains and reduced headcount through automation.
- Capita clarified:
 - Major portal enhancements ("day two" features) will be delivered by end of March.
 - A "track my case" feature will allow members to monitor case progress online.
 - AI tools (including document summarisation via Copilot) are already being deployed.
 - Productivity gains were never intended to materialise immediately at go-live.
- However, executives acknowledged that productivity improvements and restructuring will only occur once backlog clearance and SLA restoration are achieved. Continuous system improvement will follow thereafter.

Financial and Contractual Position

- The Committee probed the financial implications of underperformance.
- Capita confirmed:
 - £9.9 million in milestone payments is currently withheld.
 - SLA-linked payments are not being made while performance standards are missed.
 - Withheld milestone payments may be released once deliverables are achieved.
 - Surge staff costs are currently funded by the Cabinet Office.
 - Detailed commercial discussions about cost allocation will occur after service restoration.
- Members questioned whether this arrangement effectively shields Capita from financial consequences during the recovery period.

Compensation, Interest and Hardship

- Executives confirmed:
 - Interest on late pension payments is being addressed in consultation with HM Treasury.
 - Ex gratia compensation is being processed in cases of administrative fault.
 - Hardship support mechanisms are being coordinated with the Cabinet Office.
 - Capita accepts responsibility for ensuring payments are corrected promptly.

Remedy Contract

- The Committee also questioned Capita about the separate "remedy" work arising from pension reforms. Capita stated:
 - It is conducting impact assessments for complex remedy cases.
 - A full contract for complex case resolution has not yet been finalised.

- Work on remedy cases will accelerate once current backlog issues stabilise.

Reputational Damage and Trust

- Members highlighted a severe loss of trust among pensioners, with one constituent reportedly asking why they should believe Capita's assurances.
- Executives acknowledged reputational damage and issued repeated apologies. They stated that:
 - Restoring SLAs by end of March is the immediate priority.
 - Trust rebuilding will take longer.
 - The company accepts ownership of the problem, regardless of whether the backlog pre-dated transition.
- The Chair indicated the Committee is likely to recall Capita after March to assess progress.

Overall Position

- By the end of the session, Capita had made the following commitments:
 - Death-in-service and ill-health retirement cases restored by end of February.
 - All contracted SLAs restored by end of March.
 - Priority voluntary exit cases completed by mid-March.
 - No staff reductions before service stability.
 - Day-two technology features delivered by end of March.
 - Continued cooperation with the Cabinet Office and Treasury on compensation and interest arrangements.
- The Committee made clear that the ultimate test will be delivery against these deadlines, and that Members expect measurable improvement without further caveats.

The full transcript for the session can be accessed [here](#).

Sir Geoffrey Clifton-Brown MP, Chair of the Committee of Public Accounts also published a letter to the Permanent Secretary of the Cabinet Office, seeking information on the Department's plans for offering 'hardship' loans to those whose pensions are not being paid on time and who are in financial distress. The full letter can be viewed [here](#).

Please do let us know if you would like any further information on the above.

Best wishes,
Amy

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