

Sally Tsoukaris

From: Amy Walker <a.walker@connectpa.co.uk>
Sent: 04 March 2026 11:53
To: Sally Tsoukaris; Jonathan Safir
Cc: Matthew Boyd
Subject: Public Administration and Constitutional Affairs Committee: The Work of the Cabinet Office

Hi both,

Please see below a summary of the Public Administration and Constitutional Affairs Committee, which focused on the ongoing backlog in the Civil Service Pension Scheme following the transition from MyCSP to Capita, with members pressing officials on root causes, performance failures, financial consequences, and the human impact on pension claimants:

Public Administration and Constitutional Affairs Committee: The Work of the Cabinet Office

Chair: Simon Hoare MP

Witnesses:

- Catherine Little CB - Chief Operating Officer for the Civil Service and Permanent Secretary to the Cabinet Office at Cabinet Office
- Angela MacDonald - Second Permanent Secretary at HM Revenue and Customs

Backlog and Root Causes

- The Chair opened by requesting definitive and up-to-date figures, stressing concern that unless the root causes are properly identified and resolved, the system risks simply recreating the same problems — describing it as a potential “groundhog day” scenario.
- Angela acknowledged that a significant number of members had not received their pensions, many of whom had been waiting well before the 1 December transition. She confirmed that the majority of complaints predated that date. While the immediate priority is clearing the backlog, she stated that a formal review will take place in early summer to examine what went wrong prior to transition, during the handover, and since Capita took over.
- Catherine Little explained that complexity had increased significantly due to the McCloud remedy. At the point the contract was signed, the backlog was assumed to be around 36,000 cases; in reality, it had risen to approximately 86,000 by the time of transition. This required Capita to deploy substantially greater resources than originally anticipated.

Capita’s Performance and Financial Penalties

- The Chair described Capita’s service levels as “at best patchy, at worst entirely unacceptable” and questioned what appetite there was within the company to resolve the crisis. Catherine confirmed that transitional milestone payments had been withheld and that service credits were automatically being applied due to missed service level agreements (SLAs). She said a significant contractual discussion with Capita would take place and assured the Committee that the full weight of the contract would be used.
- When asked whether the aim was for the situation to be cost-neutral to the public purse, Catherine confirmed that taxpayers should not have to pay for restoring the service to acceptable levels. However, she noted that Capita remains one of the Government’s 29 strategic suppliers and is meeting over 90% of its KPIs overall.
- Clive Betts MP challenged whether taxpayers were, in practice, already footing the bill through the use of civil servants to support the failing contractor. Catherine responded that government

maintains operational “surge capacity” — including HMRC staff — as a contingency resource. She argued this was not an additional cost but a pre-existing operational capability.

- The Chair countered that the public were effectively paying civil servants to “mop up the mess” of a contractor failing to discharge its duties.

Use of HMRC Surge Staff

- Angela explained that surge staff are experienced civil servants deployed across Whitehall during workload peaks and troughs, representing good value for money compared to external contractors. However, both the Chair and Lamont requested further detail on how this capacity is used throughout the year and whether sufficient emergency capacity remains during seasonal pressures. Lamont also highlighted the opportunity cost, even if no new financial cost is incurred.
- Serious Cases and Moving Deadlines
- Betts raised concerns about repeatedly shifting deadlines. Capita had initially committed to resolving serious cases by 12 February, then the end of February, then March, then April, and most recently June.
- Angela confirmed that progress had been made. Of 350 inherited “death in service” cases, 294 have been completed, with the remaining 56 now within normal SLA standards. Of 610 ill-health retirement cases, 510 have been completed and the remaining 100 are within service standards. She stated that detailed plans are in place to return all services — aside from specific McCloud-related work — to SLA compliance by the end of June.
- Catherine apologised for previous lack of clarity in correspondence and confirmed that Capita is being performance-managed against the end-of-June deadline. The Chair expressed frustration at the pattern of moving deadlines, warning that it increases distrust among parliamentarians and constituents alike.

Financial Hardship and Transition Loans

- The Committee heard concerns about members who had been unable to pay mortgages, rent, or credit card bills due to delayed pension payments. Catherine explained that interest-free transition loans have been introduced. Anyone employed in the Civil Service within the last 12 months and awaiting payment is automatically eligible for a £5,000 interest-free loan, funded by their former department. Larger loans are available based on individual circumstances.
- She said most departments had implemented schemes and she was not aware of delays in processing loans. She also confirmed that letters would be provided to individuals facing credit or mortgage difficulties and that proposals are being developed regarding potential redress.
- The Chair stressed the importance of recognising the human and emotional consequences of these delays.
- Political Oversight and Accountability
- Angela confirmed that the responsible minister is Nick Thomas-Symonds, the Paymaster General, and that she writes to him twice weekly with detailed performance updates. The Chair requested that the next session include both the Minister and Capita’s Chief Executive.

Procurement and Contract Management

- John Lamont MP criticised the Cabinet Office’s handling of procurement, referencing NAO findings that service levels had been unacceptable since 2023 and that seven of eight transition milestones had initially not been met. He suggested systemic failures in contract management.
- Catherine accepted the need to learn lessons, arguing that the Capita contract is more robust than the MyCSP arrangement, with stronger milestone payments and service credits. She explained that at the point of decision, the MyCSP contract was nearing expiry and the backlog had significantly increased. Ministers faced a choice between extending a contract with limited protections or moving to a more stringent but complex new arrangement. She described it as a difficult but necessary decision.
- Lauren Edwards MP questioned whether Capita’s assurances had been evidence-based and what contingency plans existed if the transfer faltered. Catherine said surge capacity formed part of the contingency planning and that HMRC engagement began in early January once emerging risks were clearer.

IT and Portal Issues

- Angela confirmed that 122,000 members — primarily those with multiple periods of service — currently cannot access the online portal. She expressed confidence in that figure and explained that security enhancements have been prioritised. The target remains to deliver full portal capability by the end of March.
- Charlotte Cane MP raised additional concerns, including incomplete paperwork accompanying payments, delays in divorce cases (2,200 outstanding, expected by end of May), and duplicate pension reference numbers created during transition. Angela committed to investigating these issues and confirmed that letters are being provided to assist individuals facing court pressures.

Member Experience and Bereavement Cases

- The Chair emphasised the distress caused in bereavement cases, urging that individuals should not have to repeatedly recount traumatic circumstances.
- Angela acknowledged the strain and said she would raise the matter with Capita. She described frontline staff as junior but committed and working under considerable pressure.

Strategic Questions

- Charlotte Cane MP questioned why Capita was awarded the contract given its history with other public sector pension schemes. Catherine confirmed that due diligence was undertaken but noted the limited number of providers operating in this market.
- Betts asked whether the Government should consider bringing pension administration in-house in future. Catherine said the current contract runs for seven years but agreed that structural questions could be considered longer term.

Closing Remarks

- The Chair concluded by reiterating the need to recognise the personal financial and reputational damage suffered by members and to ensure they face no lasting penalties. Angela reaffirmed that the central objective remains to ensure every member receives what they are entitled to, as quickly and securely as possible.

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

Best wishes,
Amy

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