



Administration of the Civil Service Pension Scheme – Briefing for Westminster Hall Debate on 4 February

Lorraine Beavers MP has secured a Westminster Hall debate about administration of the Civil Service Pension Scheme. This follows a joint apology¹ from the Cabinet Office (the scheme manager) and Capita (the new scheme administrator) about the unacceptable service members are receiving.

This briefing contains a summary of the main concerns that Prospect members of the scheme have raised with us, and some questions that MPs might like to put to the Minister.

The scale of the problem in human terms

Many MPs will have had correspondence from constituents who are in tears because of the financial distress they are experiencing due to delays in payment of up to 9 months or more:

- Some have had difficult meetings with banks to arrange funds, and / or incurred huge costs as a result of paying for day-to-day living expenses on credit cards.
- Some are extremely worried about the consequences of not being able to meet mortgage payments or pay utility bills.
- Some have suffered the indignity of having to turn to family or friends for financial support.
- Nearly all have had to essentially put their lives on temporary hold to manage the problem building up (when they actually had plans involving spending lump sums).
- In the worst cases, terminally ill members and recently bereaved partners and children are not receiving urgently needed payments.

The scale of the problem in statistical terms

An earlier update from Capita² stated they inherited a backlog of 86,000 “work-in-progress” cases from MyCSP (the previous administrator), which was much larger than planned for.

In evidence to the Public Administration and Constitutional Affairs Committee³, the Cabinet Office Permanent Secretary stated that 8,500 members had experienced delays in payment.

- Is the caseload of 8,500 members with delayed payments being added to as more civil servants reach their planned retirement dates without quotes or payment?
- When can scheme members expect administration to return to normal and for retirement quotes to be issued and pension payments processed on time?
- What is the target date for the 8,500 members who have already experienced delays to receive all the money they are owed by the scheme?

¹ [Joint statement on Civil Service Pension Scheme \(CSPS\)](#)

² [Civil Service Pensions Scheme \(CSPS\) – Capita update](#)

³ [committees.parliament.uk/oralevidence/17091/pdf/](#)

- Are there interim target dates for issuing payments to urgent cases related to death-in-service and ill-health?

Causes of the problem – Capita's inability to deliver the full contract

The Public Accounts Committee warned in October⁴ that there was a clear risk that Capita would not be ready to take over administration as planned.

The deliverables were scaled back to the bare minimum, and key functionality ultimately went live without adequate testing, causing enormous delays in contacting the scheme.

- How did we get to a position where proceeding with a transfer to an administrator who was clearly not ready was preferable to extending the existing contract?
- Will there be financial penalties for Capita as a result of its inability to run the full service it was contracted to operate from the contractual date?

Causes of the problem – MyCSP's role

Prospect has no information about MyCSP's performance, but it is not possible to build up a backlog of thousands of payments in a month (and many cases have been delayed longer).

- Did delays in payments start to arise under MyCSP? Were these reported to the scheme manager? If so, what was the response? If not, why not?
- Will there be financial penalties for MyCSP if they are found to have missed key performance indicators re pension payments?

Transition loans

The Cabinet Office and the departments it is working with should be congratulated for the speed with which they have established a scheme to make transition loans where needed.

- When will the scheme be fully established and paying all eligible members (regardless of their latest employer or whether they are deferred members)?

Compensation scheme

Members affected by these delays are entitled to compensation for the financial and non-financial impacts they have suffered.

- Rather than forcing members to claim through the scheme's internal complaints process, will the Minister commit to a compensation scheme covering these delays?
- Prospect estimates that the potential liability for compensation could eventually be tens of millions of pounds, will a portion be recouped from MyCSP and / or Capita?

Privatisation of scheme administration has greatly contributed to this problem

The stated aims for privatising administration of this scheme (lower costs and better service) have demonstrably been missed. This is also the case for other schemes (eg Teachers).

In her evidence to PACAC the Permanent Secretary stated: “the market for pension schemes is fairly limited” and “[performance] got worse in the run-up to transition. Sadly, this is not unusual where a service is handing over to another provider.” These are reasons privatisation has made this problem worse. It has also removed proper ministerial accountability.

In-house administration has delivered lower costs and extremely high member satisfaction in the Pension Protection Fund; this model should be studied further by scheme managers.

⁴ [Civil service pensions: Report lays out successive govt failures in scheme administration - Committees - UK Parliament](#)