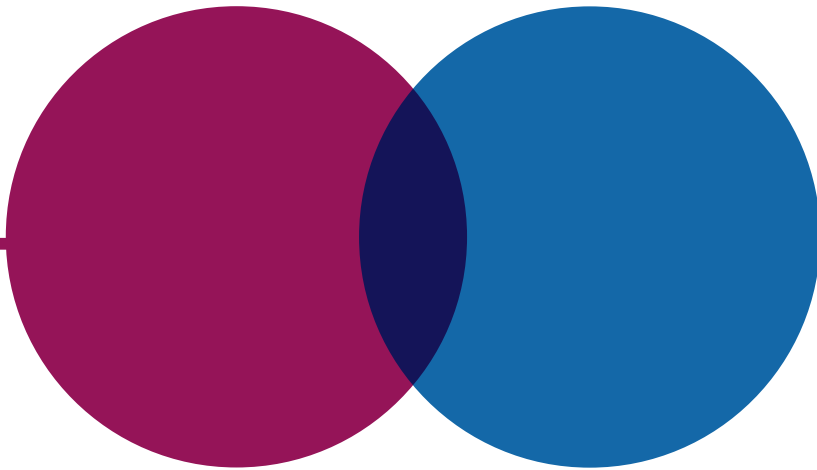




National Audit Office




REPORT

# Investigation into the administration of the Civil Service Pension Scheme

Cabinet Office

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SESSION 2024-25  
16 JUNE 2025  
HC 951



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National Audit Office

# Investigation into the administration of the Civil Service Pension Scheme

**Cabinet Office**

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## **Report by the Comptroller and Auditor General**

Ordered by the House of Commons  
to be printed on 12 June 2025

This report has been prepared under Section 6 of the  
National Audit Act 1983 for presentation to the House  
of Commons in accordance with Section 9 of the Act

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**Gareth Davies**  
**Comptroller and Auditor General**  
**National Audit Office**

**3 June 2025**

## Investigations

**We conduct investigations to establish the underlying facts in circumstances where concerns have been raised with us, or in response to intelligence that we have gathered through our wider work.**

We received a number of pieces of correspondence from members of the Civil Service Pension Scheme with concerns about the service that they had received. We also noted that there had been a reported rise in the level of complaints against the scheme so decided to investigate the scheme administration.

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## **CORRECTION SLIP**

**Title: Investigation into the administration of the Civil Service Pension Scheme**

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### **Correction one:**

In Figure 2, the top left yellow box:

**Text currently reads:**

External auditing bodies (for example, Government Independent Auditing Agency, National Audit Office)

**Text should read:**

External auditing bodies (for example, Government Internal Audit Agency, National Audit Office)

Date of correction: 20 June 2025



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If you need a version of this report in an alternative format for accessibility reasons, or any of the figures in a different format, contact the NAO at [enquiries@nao.org.uk](mailto:enquiries@nao.org.uk)


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## What this investigation is about

**1** The Civil Service Pension Scheme (the Scheme) covers the Principal Civil Service Pension Scheme and the Civil Servants and Others Pension Scheme. As of 31 March 2024, the Scheme had 1.7 million members, both current and former civil servants, with a total liability for future pension benefits of £189 billion. The Scheme is currently administered by MyCSP, which is a mutual partnership between employee partners, who own 25% of the company, and a private sector partner, Equiniti. Cabinet Office has contracted with MyCSP to run the Scheme since 2012, a contract costing £238 million since 2016.<sup>1</sup> In 2023, Cabinet Office awarded a new contract to Capita PLC (Capita) to administer the Scheme from December 2025. Capita previously administered the Scheme's pension payroll services and deferred member administration prior to 2014.

**2** Our investigation was prompted by correspondence that we received from scheme members with concerns about the service they had received, coupled with a reported rise in the level of complaints about the Scheme, which had risen to 4,780 in 2024-25. In this report, we examine:

- Cabinet Office's oversight of the Scheme;
- current levels of customer service, including factors contributing to a rise in complaints in recent years; and
- preparations for the transfer of administrator, and how Cabinet Office is managing this transition.

**3** This report builds on our previous work in this area, including our 2016 report on members' experience of the Scheme, which looked at the transfer of the services that Capita administered to MyCSP.<sup>2</sup> This report does not assess MyCSP's overall performance across the contract, or the value for money of the Scheme.

<sup>1</sup> The contract was amended in 2016. For costs as agreed in the initial contract, please see our 2013 report, Comptroller and Auditor General, *Spinning-out MyCSP as a mutual joint venture*, Session 2013-14, HC 538, National Audit Office, September 2013. Available at: [www.nao.org.uk/wp-content/uploads/2013/09/10176-001-MyCSP-Book.pdf](http://www.nao.org.uk/wp-content/uploads/2013/09/10176-001-MyCSP-Book.pdf)

<sup>2</sup> Comptroller and Auditor General, *Investigation into members' experience of civil service pension administration*, Session 2015-16, HC 800, National Audit Office, February 2016. Available at: [www.nao.org.uk/wp-content/uploads/2016/02/Investigation-into-members-experience-of-civil-service-pension-administration.pdf](http://www.nao.org.uk/wp-content/uploads/2016/02/Investigation-into-members-experience-of-civil-service-pension-administration.pdf)

# Summary

## Key findings

### Cabinet Office's management of the Scheme

**4 Cabinet Office's contract with MyCSP has not always supported effective accountability for performance.** MyCSP is the Scheme's administrator, working under a contract with Cabinet Office agreed in 2012. The contract contains 70 performance measures against 37 service levels. Fifteen of these are key service levels, for example, payment of death benefits, which can attract a financial penalty if there is a consistent failure to deliver against expected levels. However, these penalties are dependent on MyCSP's profitability levels and any extenuating circumstances MyCSP flag that can result in the penalty being waived. Recognising that not all service levels are a useful measure of understanding members' experience of MyCSP, in 2021 Cabinet Office introduced golden key performance indicators (KPIs). These are additional KPIs, are non-contractual and do not attract a financial penalty (paragraphs 1.5, 1.11, 1.13 and 1.15 to 1.17).

**5 MyCSP's failure to meet agreed key service levels has not attracted significant financial penalties to date.** Cabinet Office applied a £19,355 penalty to MyCSP in June 2022 for failing to deliver timely payments of retirement lump sums. In 2024, MyCSP failed to provide timely retirement quotes and first pension payments, including lump sums, to scheme members for several months. As a result, Cabinet Office has agreed a financial penalty of £228,538 from MyCSP. Aside from these two penalties, Cabinet Office does not believe it has successfully claimed any other financial penalties from MyCSP (paragraphs 1.14, 2.3, and Figures 3 and 4).

**6 Cabinet Office has an established governance structure for its contract with MyCSP, although it is largely reliant on self-reported data from MyCSP for its oversight of the Scheme's performance.** Following efforts to improve governance and monthly performance information after our report in 2016, there is now an established governance structure with regular reporting on a range of areas from MyCSP to Cabinet Office as scheme manager. While Cabinet Office has some other methods for evaluating the Scheme's performance, including hearing directly from unions, it remains largely reliant on monthly service delivery reports from MyCSP containing self-reported data, for its oversight of the Scheme (paragraphs 1.6 to 1.10 and Figure 2).

## Scheme customer service levels

**7 Overall, since August 2017, MyCSP has met expected performance measures in the majority of its 15 key service levels.** Between August 2017 and January 2025, MyCSP reported every month that it has met at least 87% of its key service levels, and for other service levels it is meeting at least 95% of them every month (paragraph 2.2).

**8 MyCSP's contact centre performance has been below expected levels for at least the last two years, but this has not resulted in any contractual penalties.** Cabinet Office expects MyCSP to answer at least 80% of member calls within 30 seconds. This is not a key service level and does not attract a financial penalty, limiting Cabinet Office's ability to incentivise improvements to MyCSP's performance. In the last two years, this target has not been met, at best answering 43% of calls within 30 seconds. In November 2024, MyCSP was taking an average of 24 minutes to answer calls. In addition, there have been higher call abandonment rates over the last two years, which (against a target of 20%) increased from around 10% in 2023 to nearly 30% in the final quarter of 2024 (paragraphs 2.6 to 2.8 and Figures 5 and 6).

**9 Cabinet Office has spent £31.7 million funding MyCSP to implement remedies in response to government losing a legal challenge to changes it had made to public service pensions.** The Remedy programme relates to the 2018 Court of Appeal ruling, known as the McCloud judgment, that the government's 2015 changes to public sector pension schemes were discriminatory based on age. This created a substantial and complex programme of work for MyCSP to administer in addition to the existing contract expectations. Cabinet Office and MyCSP agreed a contract change notice in 2021, with Cabinet Office agreeing to fund additional resources for MyCSP. Up to the end of 2024-25, Cabinet Office had spent £31.7 million funding MyCSP to carry out this work, with around 100 staff (full-time equivalent) working on it during 2024-25, accounting for around 20% of MyCSP's total workforce (paragraphs 2.14 to 2.16 and Figure 12).

**10 In implementing the McCloud judgment, MyCSP has made better progress than other comparable public sector pension schemes.** Government legislation sets out that those members already in receipt of their pension should have received a Remedial Service Statement (RSS) by 31 March 2025, although there is provision in the scheme regulations to delay issuing RSS in some cases. This statement should provide members with information to assess whether they wish to continue receiving their current pension or take up the remedy option. Which option is the better will depend on individual circumstances. By 31 March 2025, MyCSP had issued these statements to 44% of affected members, just ahead of a minimum target of 43% agreed with Cabinet Office. Although the legislative target of all members receiving their RSS was missed, data from other large public sector pension schemes shows that MyCSP's progress is ahead of other comparable schemes also having to implement remedies. MyCSP is also producing annual benefit statements for almost all (98%) of the members who are affected by McCloud but are yet to take their pension, setting out what their options are (paragraphs 2.17 and 2.18 and Figure 11).

**11 Complaints against MyCSP are at their highest level since at least 2016-17, increasing by 43% between 2016-17 and 2024-25.** There were 4,780 complaints in 2024-25, up from 3,325 in 2016-17, and 128% above the annual aspiration of 2,100 (175 per calendar month). Overall, there has been an upward trend in the total level of complaints against MyCSP in the last nine years, despite a significant reduction in complaints in 2020-21 and 2021-22 during the pandemic (paragraphs 2.10 to 2.12 and Figures 8 and 9).

The transition from MyCSP to Capita

**12 Capita will assume full administrative responsibilities for the Scheme from 1 December 2025.** With MyCSP's contract due to end in December 2023, Cabinet Office began a procurement exercise for a new contract in late 2020, awarding the contract to Capita in November 2023. The total value of the contract is £239 million for seven years, with the option to extend for a further three years. Cabinet Office took up an option to extend the MyCSP contract to December 2025, allowing for a two-year transition period between Cabinet Office, MyCSP and Capita. Capita is due to take over full administration of the Scheme on 1 December 2025 (paragraphs 3.2 and 3.3).

**13 Capita has missed three key milestones in the transition to taking on the administration of the Scheme from 1 December 2025.** Cabinet Office is working with Capita to ensure it is ready to take over from MyCSP, but has withheld £9.6 million in transition payments, due to Capita failing to meet all agreed deliverables associated with milestones around the design and development phase and user readiness. Delays to meeting these milestones have led Cabinet Office to agree a reduction in the service originally expected to be available to members from December 2025. To de-risk delivery, Capita now intends to start operating a simplified IT solution in December 2025, delaying the expected greater functionality for both scheme members and employers until at least March 2026 (paragraphs 3.3, 3.5 to 3.7 and Figure 13).

**14 The new contract with Capita has some differences in the service level agreements that Cabinet Office believes will enable it to more effectively hold the contractor to account.** For example, several service levels have seen the target processing times reduced, and some new key service levels have also been introduced. Additionally, the service level around contact centre call response time has been upgraded to a key service level, meaning it can now attract financial penalties if not met. The system for applying financial penalties has also been amended so that all key service levels have a five-point 'severity-scale' attached to them, all of which attract different levels of potential financial penalties. Previously, a key service level was simply either met or not met, depending on the volume of cases (paragraph 3.11).

**15 Cabinet Office estimates it is saving £83 million through innovation and automation over the life of the Capita contract but does not have agreed milestones against which to manage performance.** Cabinet Office's vision for the Scheme is for it to be the best-administered public service pension scheme in the UK, and it assesses that the new contract price represents savings of £83 million over the lifecycle of the contract compared with the current MyCSP contract. This will involve Capita finding innovative ways to deliver services. Cabinet Office expects Capita to provide a continuous improvement strategy, including an improvement plan that will report on the realisation of benefits. With a plan yet to be provided, there are no fixed innovation or digitalisation milestones for Capita to deliver against once it takes over the contract on 1 December 2025. Cabinet Office had previously hoped that MyCSP would reduce costs through digitalisation, but without any contractual incentives to do so, limited progress has been made in these areas (paragraphs 3.9, and 3.13 to 3.17).

# Part One

## Cabinet Office's oversight of the Civil Service Pension Scheme

**1.1** This part of the report provides an overview of the Civil Service Pension Scheme (the Scheme), and how Cabinet Office oversees performance by the current scheme administrator, MyCSP.

### **Cabinet Office's oversight of the Scheme**

**1.2** The Civil Service Pension Scheme (the Scheme) covers the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme. These are both unfunded defined benefit schemes.<sup>3</sup> The PCSPS covers four pension arrangements, known as Classic, Classic Plus, Premium and Nuvo. These arrangements closed to new members from 1 April 2015. Since 2015, all new members of the Scheme have joined the Civil Servants and Others Pension Scheme, also known as Alpha. In this report, we use the term civil service pension scheme ('the Scheme') to refer to all these arrangements.

**1.3** The Scheme is available to civil servants and employees of other public sector organisations, including museums, galleries, a number of commissions and other bodies as listed in legislation, including the National Audit Office.<sup>4</sup> As of 31 March 2024, the Scheme had around 1.7 million members, covering 298 employers, up from 1.5 million members in March 2019. As of 31 March 2024, the Scheme's total liabilities were £189 billion.

**1.4** The Minister for the Civil Service (currently the Prime Minister) is the Scheme Manager, and in practice this responsibility is delegated to the Minister for the Cabinet Office and the Permanent Secretary to the Cabinet Office. Under the Public Service Pensions Act 2013,<sup>5</sup> a scheme advisory board provides policy advice to the Minister for the Cabinet Office, and the civil service pensions board supports the scheme manager in complying with the laws and regulations that govern the Scheme.

3 Unfunded schemes and the cash required to meet the payment of pension benefits are paid from public funds provided by Parliament. Members contribute on a 'pay-as-you-go' basis. These contributions (and those made by employers) are credited to the Exchequer under arrangements governed by the Superannuation Act 1972 and regulations made under the Public Service Pensions Act 2013.

4 Most employees of the NAO are members of the Scheme, although the Comptroller and Auditor General is not. We set out in Appendix 1 how we considered and managed any risks to our independence and objectivity in conducting this audit.

5 Public Service Pensions Act 2013. Available at: [www.legislation.gov.uk/ukpga/2013/25/contents](http://www.legislation.gov.uk/ukpga/2013/25/contents)

**1.5** As scheme manager, Cabinet Office is responsible for the terms governing the benefits that members receive, the level of contributions that members and employers make, and any matters relating to scheme policy. MyCSP administers the Scheme on behalf of Cabinet Office under a contract that was first agreed in 2012, a contract costing £238 million since 2016.<sup>6</sup> MyCSP is a mutual joint partnership between employee partners, who own 25% of the company, and a private sector partner, Equiniti (**Figure 1**).

### Figure 1

Division of responsibilities between Cabinet Office and MyCSP for managing the Civil Service Pension Scheme (the Scheme)

**MyCSP is responsible for day-to-day administration of the Scheme, while Cabinet Office retains responsibility for overall policy and other areas**

Cabinet Office responsibilities	MyCSP responsibilities
Policy development, and maintenance of the Scheme's rules	Providing administration for active, deferred and retired scheme members, including paying pensions
Complaints made under the second stage of the internal dispute resolution process	Investigating and responding to complaints made by scheme members, including any made under the first stage of the internal dispute resolution process <sup>2</sup>
Admission of employers to the Scheme	Handling transfers in and out of the Scheme
Ensuring appropriate audit programmes and risk management frameworks are in place	Maintaining scheme communications and the scheme website
Some discretionary actions on behalf of the Minister for the Civil Service	Pursuing and reclaiming overpayment of benefits
Scheme finances, including producing the annual report and accounts	Maintaining accurate and secure records and an audit trail of all transactions Calculating and paying annual payment increases Deducting and paying over tax to HM Revenue & Customs Operating a payroll bank account Producing financial and management reports

#### Notes

- 1 The list of responsibilities for MyCSP is not exhaustive.
- 2 The first stage in the complaints process for the Civil Service Pension Scheme is a direct approach to MyCSP. If the complainant remains dissatisfied there is a two-stage internal dispute resolution process, which is a statutory requirement for all occupational pension schemes. If a complaint remains unresolved after both these stages, the complainant can appeal to the Pensions Ombudsman.

Source: National Audit Office analysis of Cabinet Office data

<sup>6</sup> The contract was reset in 2016. For costs as agreed in the initial contract, please see our 2013 report, Comptroller and Auditor General, *Spinning-out MyCSP as a mutual joint venture*, Session 2013-14, HC 538, National Audit Office, September 2013. Available at: [www.nao.org.uk/wp-content/uploads/2013/09/10176-001-MyCSP-Book.pdf](http://www.nao.org.uk/wp-content/uploads/2013/09/10176-001-MyCSP-Book.pdf)

**1.6** We reported on the Scheme in February 2016, noting that Cabinet Office was in the process of implementing initiatives to improve the governance of the Scheme.<sup>7</sup> These initiatives included the creation of a Contract Management Group (CMG) forum and improvements to monthly performance management information. Currently, the CMG has responsibility for:

- ensuring that the contract between MyCSP and Cabinet Office is operated in a way that optimises value for money and operational benefit for Cabinet Office, and commercial benefit for MyCSP; and
- overseeing the management of the provision of services and the relationship between MyCSP and Cabinet Office.

**1.7** The CMG meets monthly, with membership including senior members of staff from Cabinet Office and MyCSP, including Cabinet Office's Senior Responsible Owner for Pensions Operations and MyCSP's Managing Director for the Public Sector. The CMG acts as an escalation point for various joint working groups that has membership drawn from both organisations. The CMG also:

- measures progress against scheme strategic goals;
- considers and approves (or rejects) contract change notices; and
- discusses key risks and personnel changes.

**1.8** Working groups sitting below the CMG include a joint change group with responsibility for oversight of projects and programmes and a security working group that reviews any security risks and controls (**Figure 2** overleaf). A service delivery group also receives monthly service delivery reports from MyCSP with detailed information on topics including:

- performance against contractual service levels and non-contractual key performance indicators;
- resourcing;
- information security and security alerts; and
- ongoing programmes and projects.

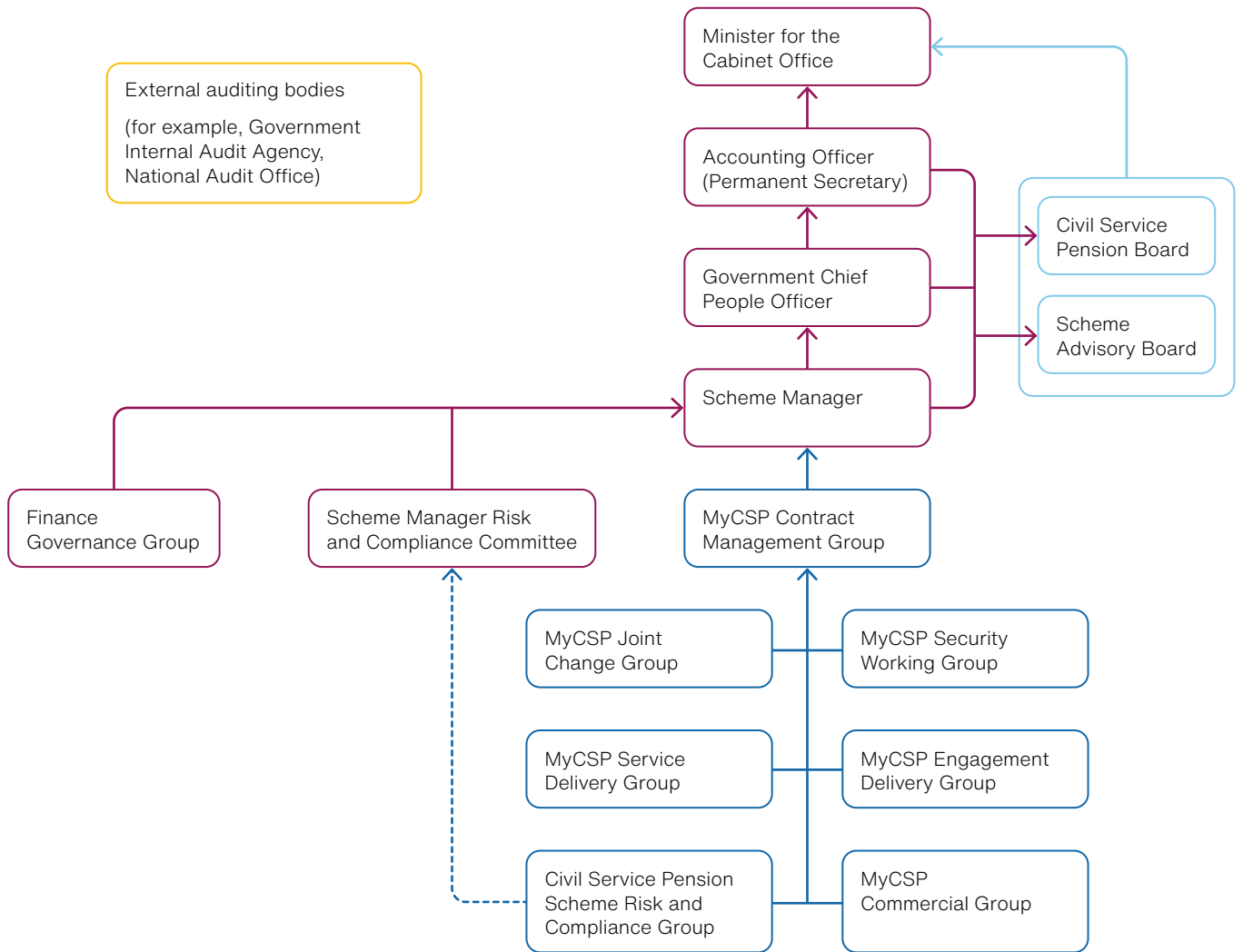
**1.9** Cabinet Office also receives feedback on the Scheme directly from unions through the Joint Superannuation Committee and may hear directly from members of the Scheme and employers about their experience. Cabinet Office commissioned an external company to examine member and employer expectations of the Scheme's administration, published in June 2018, which noted that while employers feel the service had improved in the previous two years there was still "significant room for improvement" and that around 60% of members were satisfied with the service.

<sup>7</sup> Comptroller and Auditor General, *Investigation into members' experience of civil service pension administration*, Session 2015-16, HC 800, National Audit Office, February 2016. Available at: [www.nao.org.uk/wp-content/uploads/2016/02/Investigation-into-members-experience-of-civil-service-pension-administration.pdf](http://www.nao.org.uk/wp-content/uploads/2016/02/Investigation-into-members-experience-of-civil-service-pension-administration.pdf)

**Figure 2**

Governance arrangements for the administration of the Civil Service Pension Scheme

Joint working groups between Cabinet Office and MyCSP report via the Contact Management Group to the scheme manager within the Cabinet Office



- ◻ → Scheme management within Cabinet Office
- ◻ → Governance and statutory groups, as required under the Public Service Pensions Act 2013
- ◻ → Scheme management within Cabinet Office including MyCSP representation
- ◻ External auditing bodies
- The scheme management team within Cabinet Office oversees the Civil Service Pension Scheme Risk and Compliance Group and communicates any issues that require sharing with the scheme manager

**Notes**

- 1 The Civil Service Pension Board and Scheme Advisory Board are statutory requirements under the Public Service Pensions Act 2013. The Civil Service Pension Board provides support and constructive challenge to Cabinet Office as scheme manager, and the advisory board provides policy advice to the Minister for the Cabinet Office.
- 2 Not all working groups are included above.

**1.10** Cabinet Office has used the information it receives from these other sources to challenge MyCSP over its reporting of performance, and Cabinet Office has told us it used mystery calls to MyCSP's contact centre to validate information on waiting times and service. However, for much of Cabinet Office's understanding of the Scheme's performance it is reliant on MyCSP's self-reported data from its service delivery reports, as outlined in paragraph 1.8.

### **Service level agreements**

**1.11** Cabinet Office's contract with MyCSP contains 70 performance measures, covering 37 different service levels. These service levels have been revised several times, including in 2016 and 2021.<sup>8</sup> Fifteen of these service levels are designated as key service levels, including measures on:

- payment of death benefits;
- responding to general enquiries and actioning telephone calls;
- responding to customer complaints; and
- providing retirement quotes and issuing payments.<sup>9</sup>

**1.12** MyCSP must report on performance against all service levels to Cabinet Office, and where there is a failure over three consecutive months MyCSP may be asked to submit a remedial plan to address performance, to Cabinet Office for approval. In 2024, two such plans (on the performance of the contact centre and recovery of a key service level on lump sum payments) were implemented. Part Two looks in greater detail at these performance failures.

**1.13** Cabinet Office can impose financial penalties on MyCSP if it fails to achieve target levels on key service levels, although this is subject to an agreed cap of 75% of MyCSP's forecast annual profit margin. MyCSP can request to waive these penalties where it believes that extenuating circumstances led to the breach in service level (for example, a departmental voluntary exit scheme could result in additional unexpected levels of work). By contrast, performance failure against non-key service levels do not attract any financial penalties.

<sup>8</sup> The 37 service levels set out the services the contractor shall deliver. The 70 performance measures set out the minimum performance level to be achieved by the contractor against different aspects of a service level. For example, service level 16 titled "Individual Award Adjustments" has two performance measures, one sets out that MyCSP shall process revisions to awards, the other sets out member instructions regarding voluntary deductions shall be processed.

<sup>9</sup> Cabinet Office recognises 16 key service levels, MyCSP recognises 15 key service levels. This difference is because the service level on general enquiries consists of two terms, one stating that the supplier shall respond to 95% of enquiries within five days from receipt, the second term stating the supplier shall respond to 100% of enquiries within 10 days of receipt. MyCSP recognise this as one key service level, Cabinet Office as two.

**1.14** In 2022, a breach of a key service level on the timely payments of retirement lump sums led to Cabinet Office applying a penalty of £19,355 to MyCSP. In 2024, breaches against two key service levels led to an agreed financial penalty of £228,538.<sup>10</sup> Cabinet Office told us that no other financial penalties have been applied across the lifetime of the contract. Cabinet Office has acknowledged that it can be challenging to recoup financial penalties, as they are based on the year's profitability for MyCSP, and that there have been instances in the past when MyCSP have successfully requested that the penalties be waived.

### **Contractual limitations**

**1.15** Cabinet Office has told us that some of the service levels are not a useful measure of performance and limit how effectively it can hold MyCSP to account for its performance. For example, the service level relating to call centre enquiries from members contains four performance measures: calls answered, calls actioned on first contact, calls abandoned, and email handling. None of these provide a view on the members' experience nor quality of service. Additionally, only actioning calls on first contact can attract a financial penalty if not delivered as expected. Partly because of this, in January 2021, Cabinet Office began monitoring a separate set of performance metrics focussing on member and employers' experience of the Scheme. In October 2021, these were renamed 'golden key performance indicators' (KPIs), and since then MyCSP has produced monthly reports covering areas including:

- member and employer net promoter scores;<sup>11</sup>
- a survey of members' satisfaction with their retirement experience;
- data on the number of complaints received and resolved; and
- the accuracy of benefits and data validation.

**1.16** These KPIs were introduced to give Cabinet Office a better sense of how the Scheme was performing than data reports on service levels allowed. However, these KPIs are not contractual, so there are no levers for Cabinet Office to influence MyCSP's performance, beyond raising poor performance against the targets at forums such as the CMG meetings.

**1.17** Cabinet Office officials raised concerns to us about the lack of levers the current contract has for Cabinet Office to influence and encourage improvements in MyCSP's performance. For example, the lack of minimum expected resourcing requirements in the contract means it is difficult for Cabinet Office to challenge MyCSP where there are concerns over staffing levels. Cabinet Office officials reflected that the contract has failed to drive the digitalisation of services and other moves that might have increased efficiency and customer service over the course of the contract. Part Three looks in more detail at how Cabinet Office has looked to learn the lessons from this contract in agreeing a new contract with Capita.

<sup>10</sup> Financial penalties quoted exclude VAT.

<sup>11</sup> Net promoter scores are a measure of whether someone is a "promoter" or "detractor" of a service based on a scoring system between 0 and 10.

## Part Two

### Members' service experience

**2.1** This part of the report examines MyCSP's recent performance against service levels and other member experience measures, trends in complaints and their underlying causes, and progress made in applying the 2015 remedy.

#### Performance against service levels

**2.2** Between August 2017 and January 2025 MyCSP has reported that it is meeting most of its service levels and key service levels. It has always met at least 87% of its key service levels in every month over that period, and it reports meeting at least 95% of its other service levels every month.<sup>12</sup>

**2.3** In 2024, MyCSP recorded performance failures against two key service levels relating to the timely production of retirement quotes and timely payment of pensions, including any lump sum amount. In February and March 2024, 53% and 61% of retirement quotes were issued on time, well below the target level of 100% (see **Figure 3** overleaf). Performance recovered to within one percentage point of the target level in May 2024. **Figure 4** on page 17 shows the proportion of first payments made on time over the same period. Service levels dropped below target in January 2024, reaching a low of 25% in June, before recovering to within one percentage point of the target level in October.

**2.4** The contract between Cabinet Office and MyCSP stipulates that a failure to meet service levels for a period of three months requires MyCSP to produce a recovery plan if requested by Cabinet Office, identifying underlying reasons for the underperformance and the route to recovery. MyCSP produced such a plan in July 2024, attributing the underperformance to factors including:

- the increased business-as-usual (BAU) processing time resulting from the increased workload from the Remedy programme, and associated increase in enquiries from members;
- staff turnover due to market competition and uncertainty relating to terms and conditions of future employment under Capita; and
- reduced staff availability for BAU work due to the need to support the transition of the scheme administration to Capita.

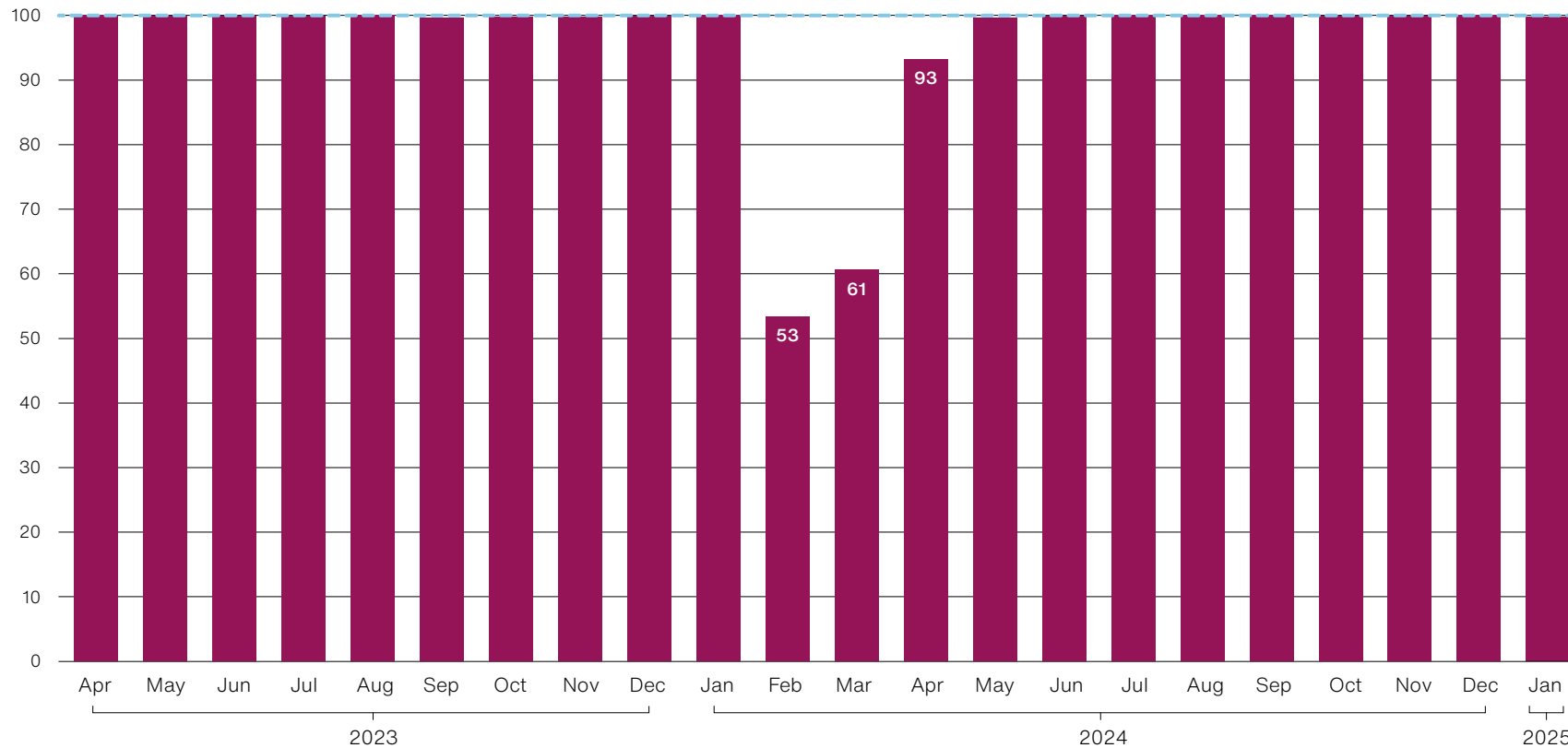
<sup>12</sup> The NAO was unable to validate MyCSP's calculations of the percentage of service levels met per month.

**Figure 3**

MyCSP's performance against timely production of retirement quotes from April 2023 to January 2025

Between February and April 2024 performance fell below the service level target of 100%

Retirement quotes issued on time (%)



■ Retirement quotes issued on time (%)  
 - - Target (100%)

**Note**

1 The contract between Cabinet Office and MyCSP sets out that MyCSP shall provide a retirement quote on request from an employer or member of the pension scheme within 10 days, when the request is made no more than two months before the retirement date. If the request is received more than two months before the retirement date, MyCSP shall respond within 10 days to inform the member that they will receive a quote two months before their retirement date, or, in exceptional circumstances, provide the retirement quote. The target performance level for MyCSP is to issue 100% of retirement quotes on time.

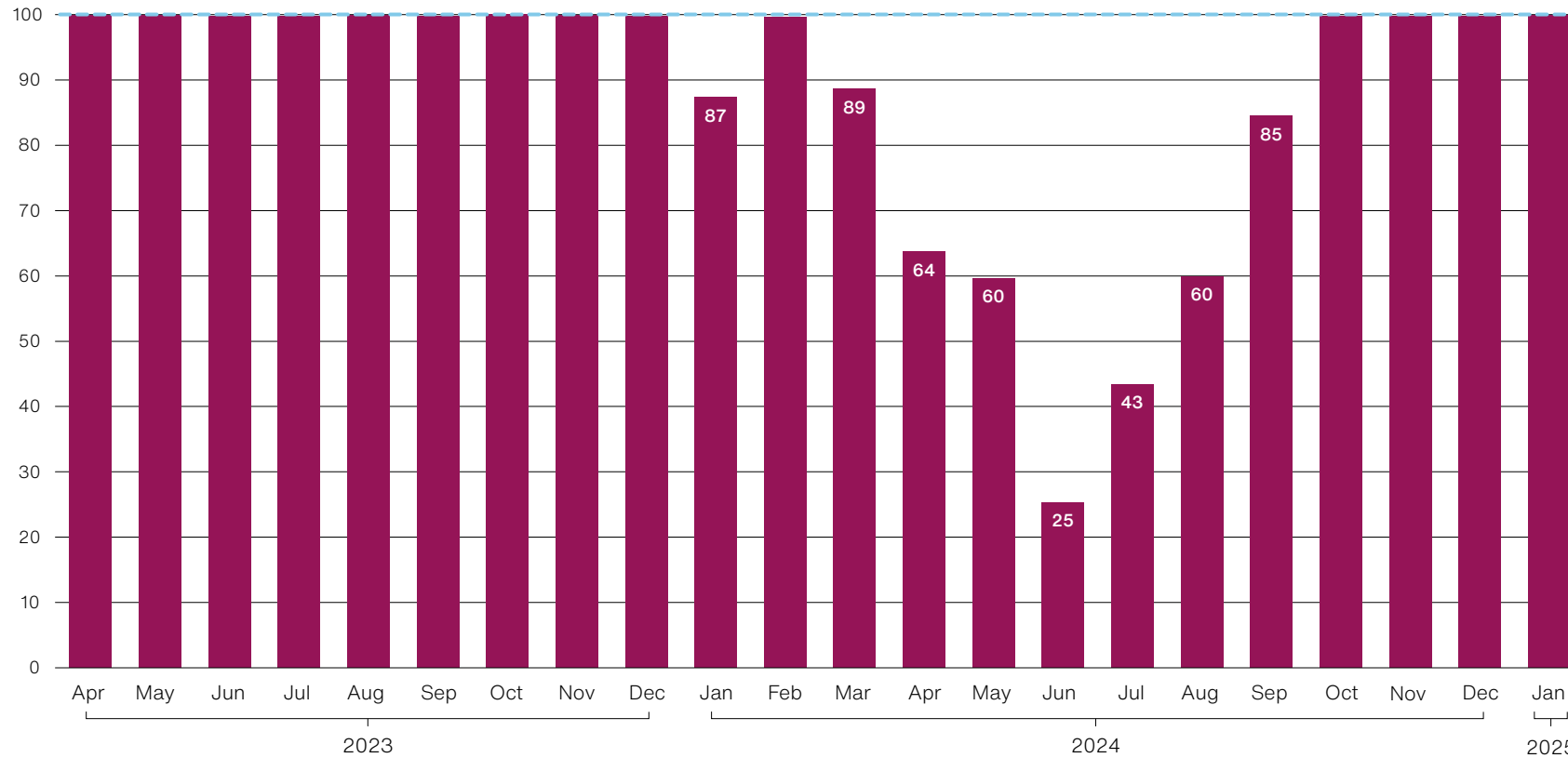
Source: National Audit Office analysis of MyCSP data

## Figure 4

MyCSP's performance against timely first payment of pensions, including any lump sum amount, from April 2023 to January 2025

Between January and September 2024 performance largely fell below the service level target of 100%

First payments of pensions paid on time (%)



■ First payments of pensions paid on time (%)

--- Target (100%)

### Note

1 The contract between Cabinet Office and MyCSP sets out that MyCSP shall calculate benefits, finalise retirement and issue payment on instruction from a member or an employer as appropriate, by the later of 10 days from the receipt of instruction, or one day after member retirement. This includes the first pension payment and any lump sums. The target performance level for MyCSP is to issue 100% of payments on time.

Source: National Audit Office analysis of MyCSP data

**2.5** Delays to retirement quotes can affect members' retirement plans, cause distress, incur financial costs to members and prevent members from planning their tax arrangements. Delays to first pension payments can potentially cause considerable distress where members have made plans based on receipt of a lump sum payment. Cabinet Office accepts that its service level agreements are set up with MyCSP in such a way that the target is either met or not met, and that MyCSP is not required to report on the extent to which it has missed targets on individual cases. This means that where targets are not met, it does not hold good data to understand the worst effects on members. Improving its data collection in this area is something that Cabinet Office is looking to do through the new contract with Capita.

### Contact centre performance

**2.6** MyCSP has seen a deterioration in its contact centre performance over the last two years, meaning that many members are not getting timely responses to their enquiries, either via phone or email. Performance has been well below the target level of 80% of calls answered within 30 seconds over the last two years, with MyCSP at best answering 43% of calls within the expected time (see **Figure 5**). In November 2024, MyCSP was taking an average of 24 minutes to answer calls, far longer than service level expectations.

**2.7** Since June 2024, the proportion of calls MyCSP answered before being abandoned has dropped below the target rate of 80%, except for one month (see **Figure 6** on page 20). In the final quarter of 2024, nearly 30% of calls were abandoned by members before being answered, compared with a rate of around 10% in 2023. As neither measure (calls answered or abandoned) is a key service level, failure to meet them is not associated with any financial penalty.

**2.8** The most common form of contact that MyCSP get is through emails, receiving 610,000 in 2024 compared with 425,000 phone calls. Cabinet Office expects MyCSP to acknowledge and respond to 100% of email enquiries within 72 hours of receipt, though this is also not a key service level. MyCSP has been within one percentage point of that target in 16 out of the last 24 months.

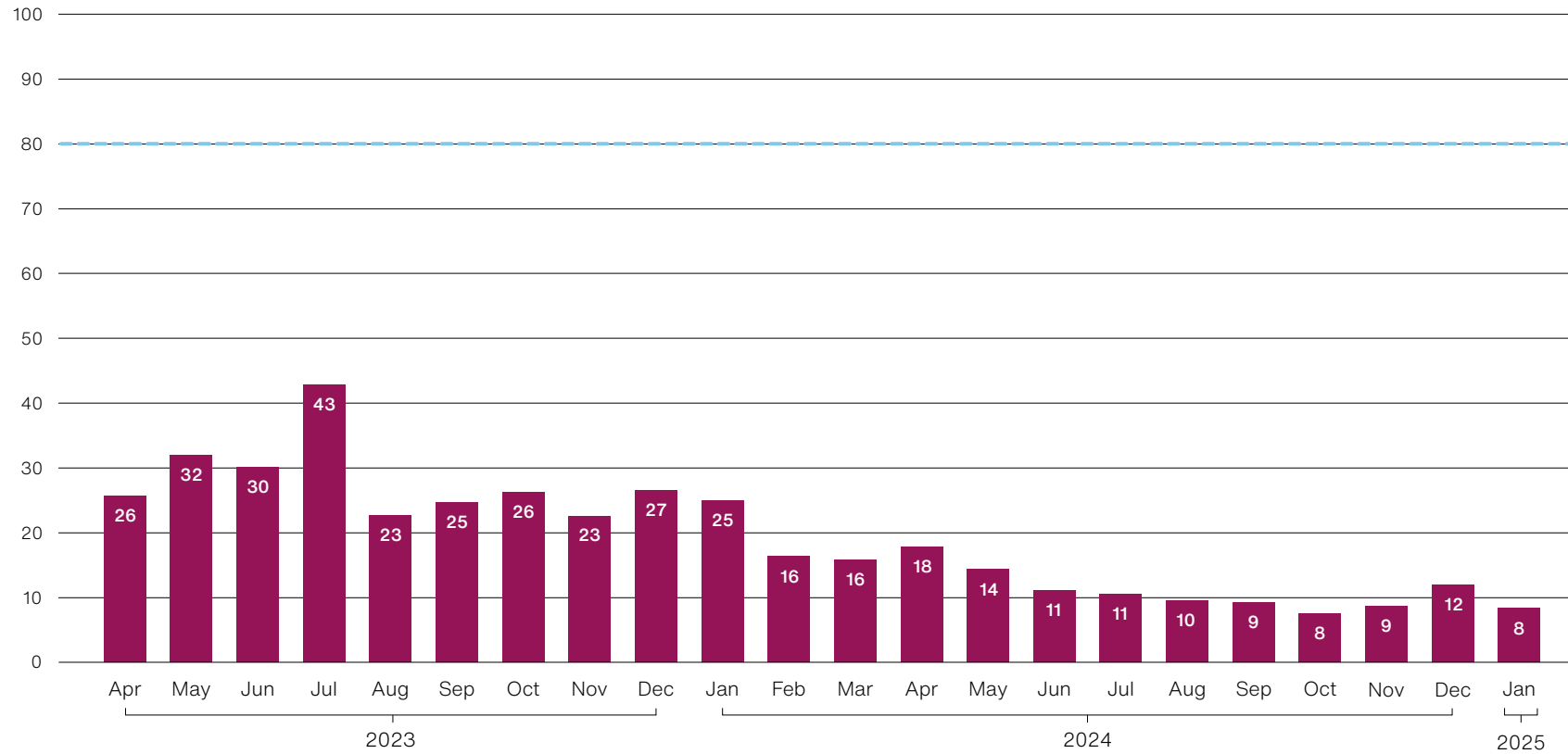
**2.9** Members whose queries are resolved by the call centre or via email are asked to complete surveys to gauge both their satisfaction levels and the ease of accessing the service. Responses are rated on a 1-5 scale, from 1 (very dissatisfied) to 5 (very satisfied), a large majority of which are collected via phone rather than email. Around 15% of phone contacts participate in the surveys. **Figure 7** on page 21 shows that customer satisfaction levels have remained consistently above 4 between April 2023 and January 2025, but that their ease of accessing the service scores have declined from around 4 (satisfied) in January 2024 to 2.6 (between neutral and unsatisfied) in January 2025.

### Figure 5

Proportion of contact centre calls answered by MyCSP within target time of 30 seconds, from April 2023 to January 2025

Increasingly fewer calls are being answered promptly, well below the service level expectation rate of 80%

Proportion of contact centre calls answered in 30 seconds (%)



■ Proportion of contact centre calls answered in 30 seconds (%)

- - - Target (80%)

#### Note

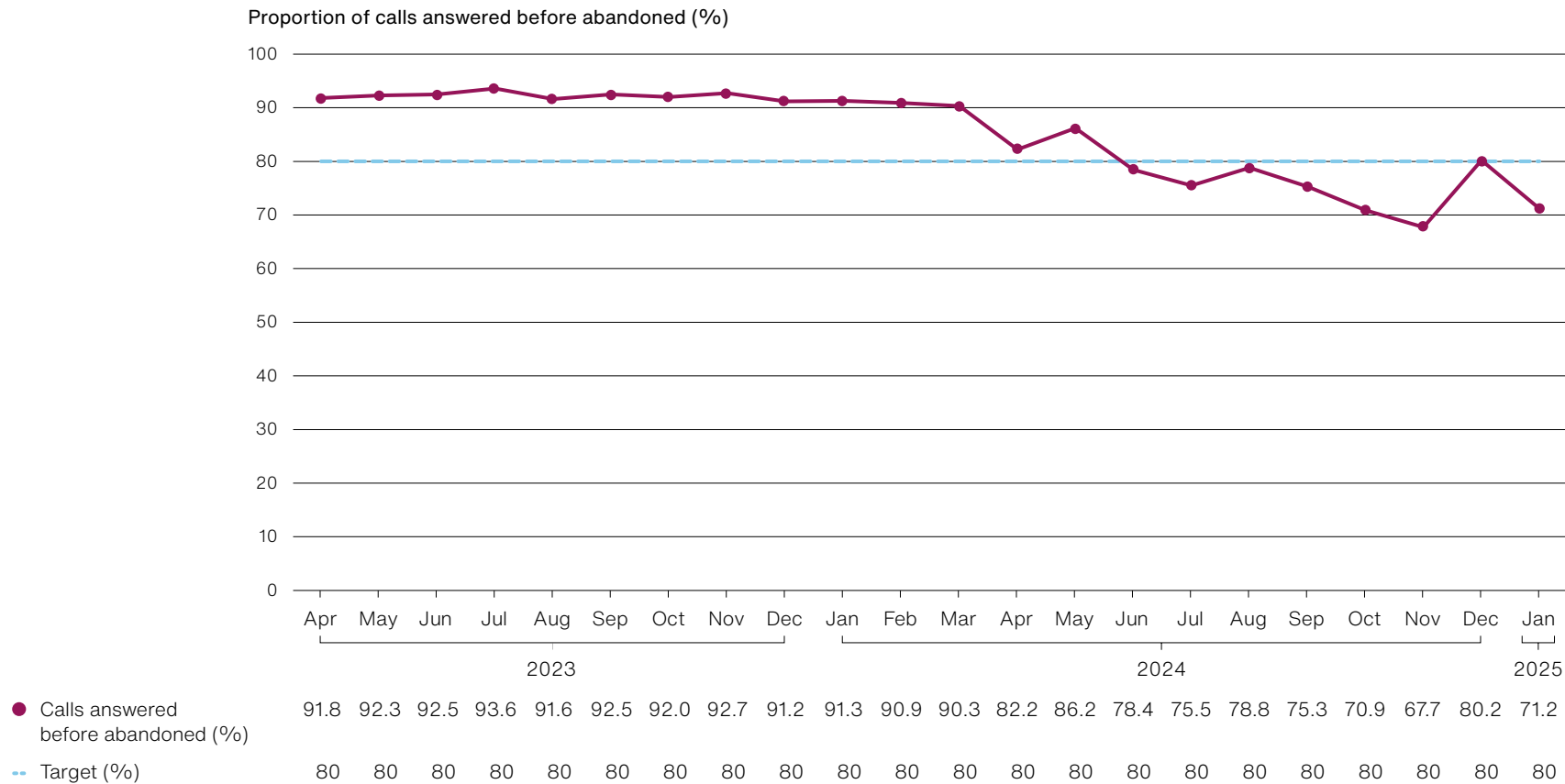
1 The contract between Cabinet Office and MyCSP sets out that MyCSP shall ensure calls are answered by a call handler within 30 seconds, timed from the end of the pre-recorded message. The target level is for MyCSP to answer 80% of calls within that time.

Source: National Audit Office analysis of MyCSP data

**Figure 6**

Proportion of contact centre calls answered by MyCSP before being abandoned by the member, between April 2023 and January 2025

More calls are failing to get through to the contact centre



**Notes**

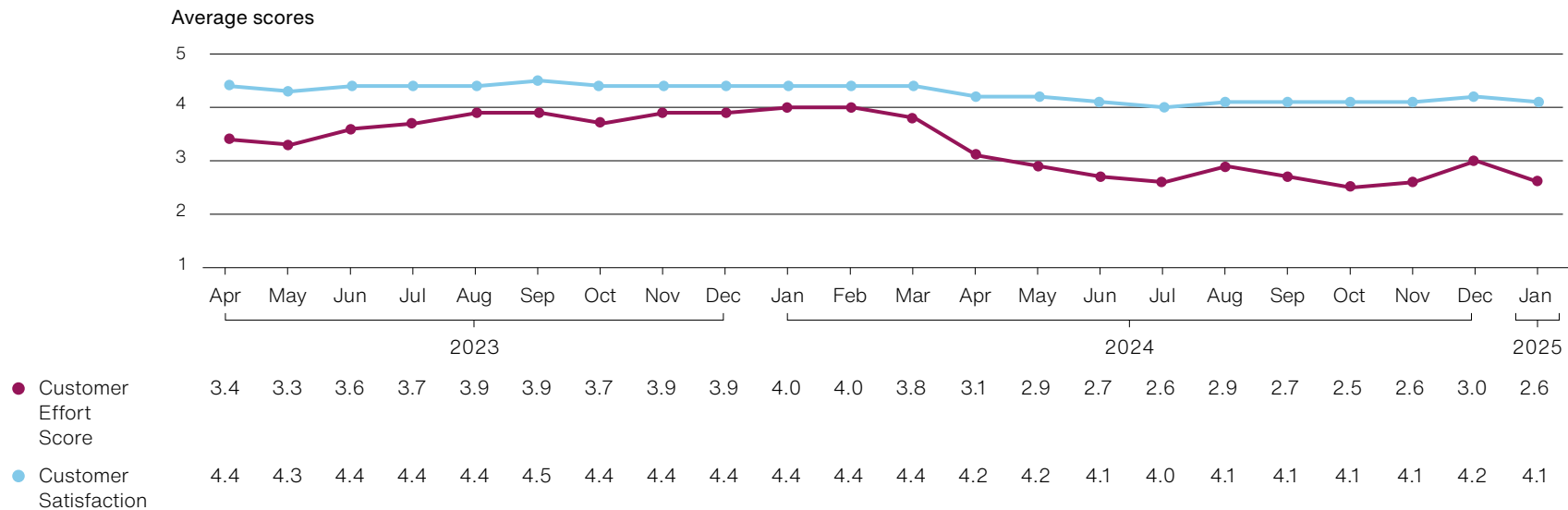
- 1 The contract between Cabinet Office and MyCSP sets out that MyCSP must ensure that calls are answered before being abandoned by the member. The target level is for MyCSP to answer 80% of calls before they are abandoned.
- 2 A call is recorded as abandoned by the member if it is terminated before they are connected to a customer service agent.
- 3 Calls that are abandoned by the member within six seconds are excluded from this measure.

Source: National Audit Office analysis of MyCSP data

**Figure 7**

MyCSP customer satisfaction and customer effort scores from April 2023 to January 2025

Members whose queries are resolved are in general satisfied with their service, but are finding it increasingly difficult to access the service



**Note**

1 Members whose queries are resolved in the call centre or via email are asked to complete surveys as to their service experience to gauge both their satisfaction levels (CSAT, Customer Satisfaction) and the ease at which they were able to access the service (CES, Customer Effort Score). Responses are rated on a 1-5 scale, from 1 (very dissatisfied) to 5 (very satisfied).

Source: National Audit Office analysis of MyCSP data

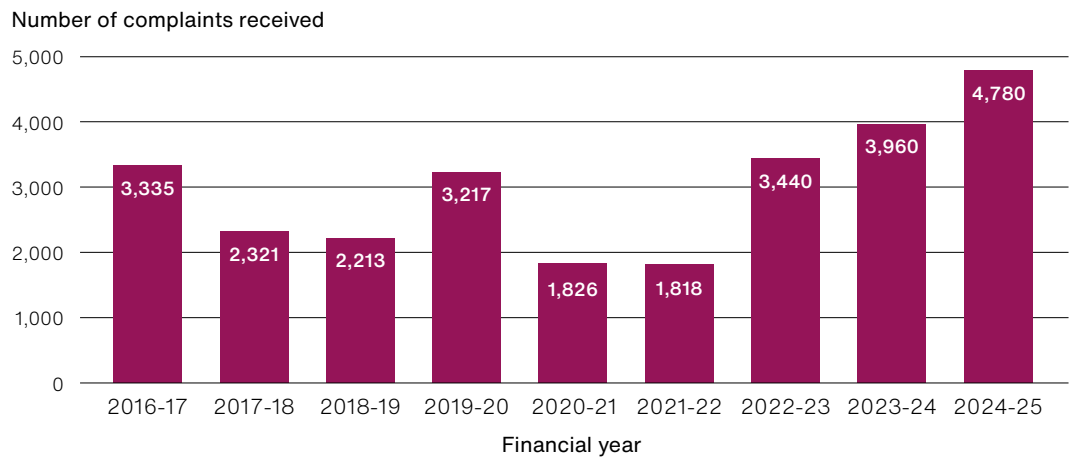
## Complaints

**2.10** Members who are dissatisfied with their service can submit complaints to MyCSP. **Figure 8** shows the number of complaints in the last nine years. Complaints nearly doubled from 2021-22 to 2022-23, and have since increased to 4,780 in 2024-25, the highest level in the last nine years and 43% higher than 2016-17. This level is 128% above the annual aspiration of 2,100 (175 per calendar month) that Cabinet Office has set MyCSP, though this is not a contractual performance metric.

**2.11** **Figure 9** shows MyCSP’s breakdown of complaints into categories by cause between March 2024 and February 2025. Sixty percent (2,568) of complaints are categorised as disagreements with service levels or processes. Twelve percent (520) are attributed to delays with MyCSP, 6% (258) due to incorrect or incomplete information from the member’s employer, 6% (252) for incorrect or incomplete information from MyCSP, 5% (215) for administration errors by MyCSP and 5% (212) for delayed information from the employer. Neither MyCSP nor Cabinet Office hold any more granular level detail on these complaints.

**Figure 8**  
Complaints to MyCSP from 2016-17 to 2024-25

**Complaints increased by 43% between 2016-17 and 2024-25**



**Notes**

- 1 Data is given for financial years.
- 2 For the years 2019-20, 2021-22, and 2022-23, MyCSP’s data on complaints does not exactly match with the yearly totals reported in the Civil Service Pension Scheme Annual Report and Accounts.

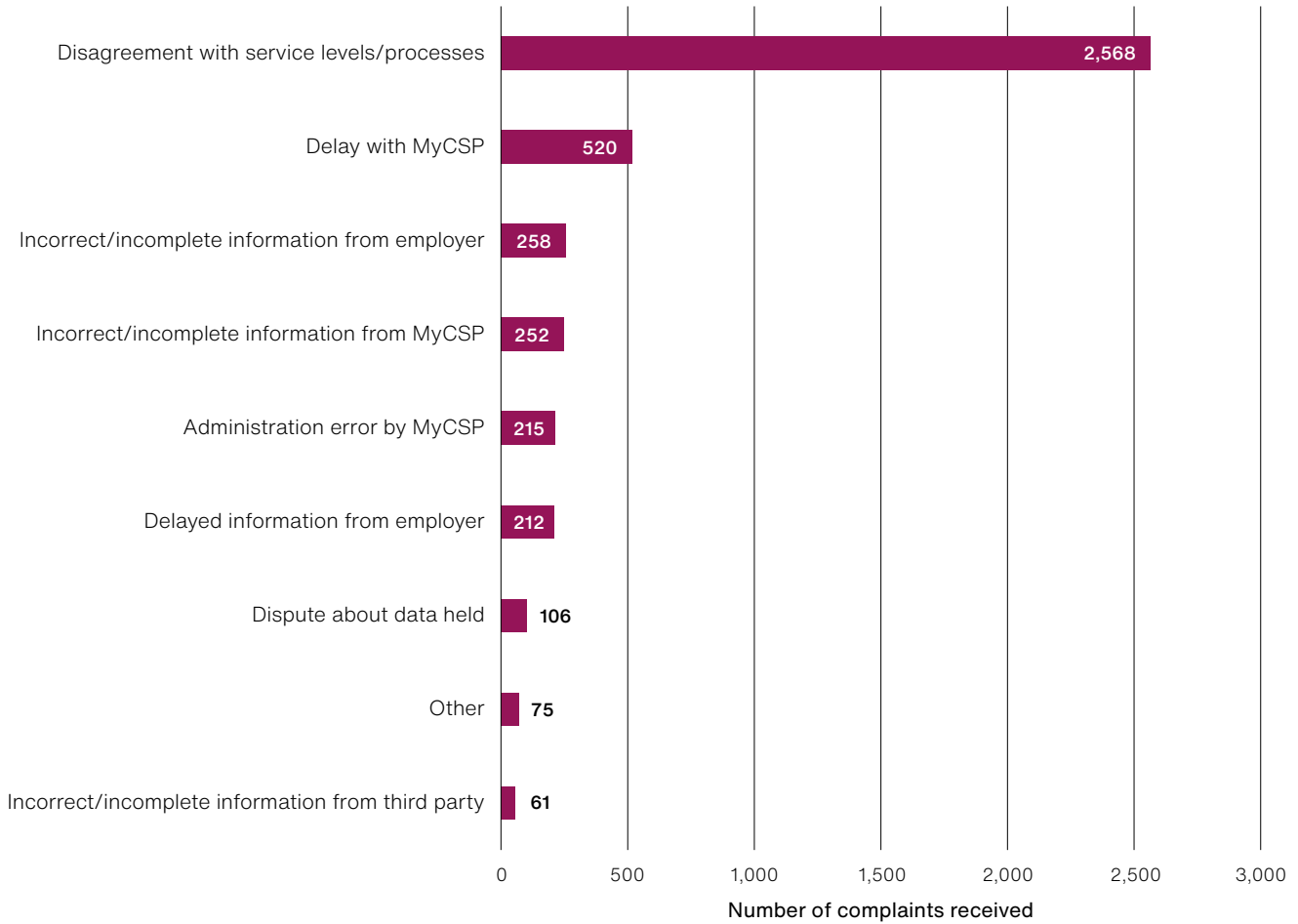
Source: National Audit Office analysis of MyCSP data

**Figure 9**

MyCSP’s categorisation of complaints causes between March 2024 and February 2025

**Most complaints arise from a disagreement with service levels or processes**

Cause of complaints



**Notes**

- 1 MyCSP was unable to provide data for April 2024, so that month’s complaints are missing from the chart.
- 2 Categories of complaints corresponding to under 1% of total complaints between March 2024 and February 2025 are not included.

Source: National Audit Office analysis of MyCSP data

**2.12** During our fieldwork, we inferred that the following factors are likely to have affected complaint levels in recent years.

- **COVID-19.** Overall contact volumes were reduced during the pandemic, which is likely to have reduced complaint numbers in 2020-21 and 2021-22. In 2020-21 and 2021-22, MyCSP received around 152,000 and 274,000 incoming calls, respectively. In 2022-23 and 2023-24, this had risen to 369,000 and 355,000, respectively.
- **Contact centre waiting times.** Members having difficulty accessing services may be more likely to complain (see paragraphs 2.6 to 2.9).
- **Performance failures.** Delays in issuing retirement quotes and retirement payments are likely to increase dissatisfaction with service and lead to increases in complaints (see paragraphs 2.3 and 2.4).
- **Increased membership numbers.** Overall scheme membership has increased from 1.5 million in March 2019 to 1.7 million in March 2024.

**2.13** MyCSP is responsible for assessing and resolving complaints. If the member is still dissatisfied with the initial response, MyCSP independently investigates with the aim of assessing and resolving at that point. Should the member remain dissatisfied, the complaint is passed to Cabinet Office to consider whether the complaint should be upheld. This may result in the original MyCSP assessment being overturned. Complaints upheld against MyCSP rose substantially in 2024, before starting to decline again towards the end of the year. At its peak in July, 172 complaints were upheld (**Figure 10**), more than three times the number for July 2023. MyCSP told us that these complaints were largely driven by its failure on two key service levels in the early part of 2024 – the timely production of retirement quotes and timely first payment of pensions, including any lump sum amount (see Figures 3 and 4).

## Remedy

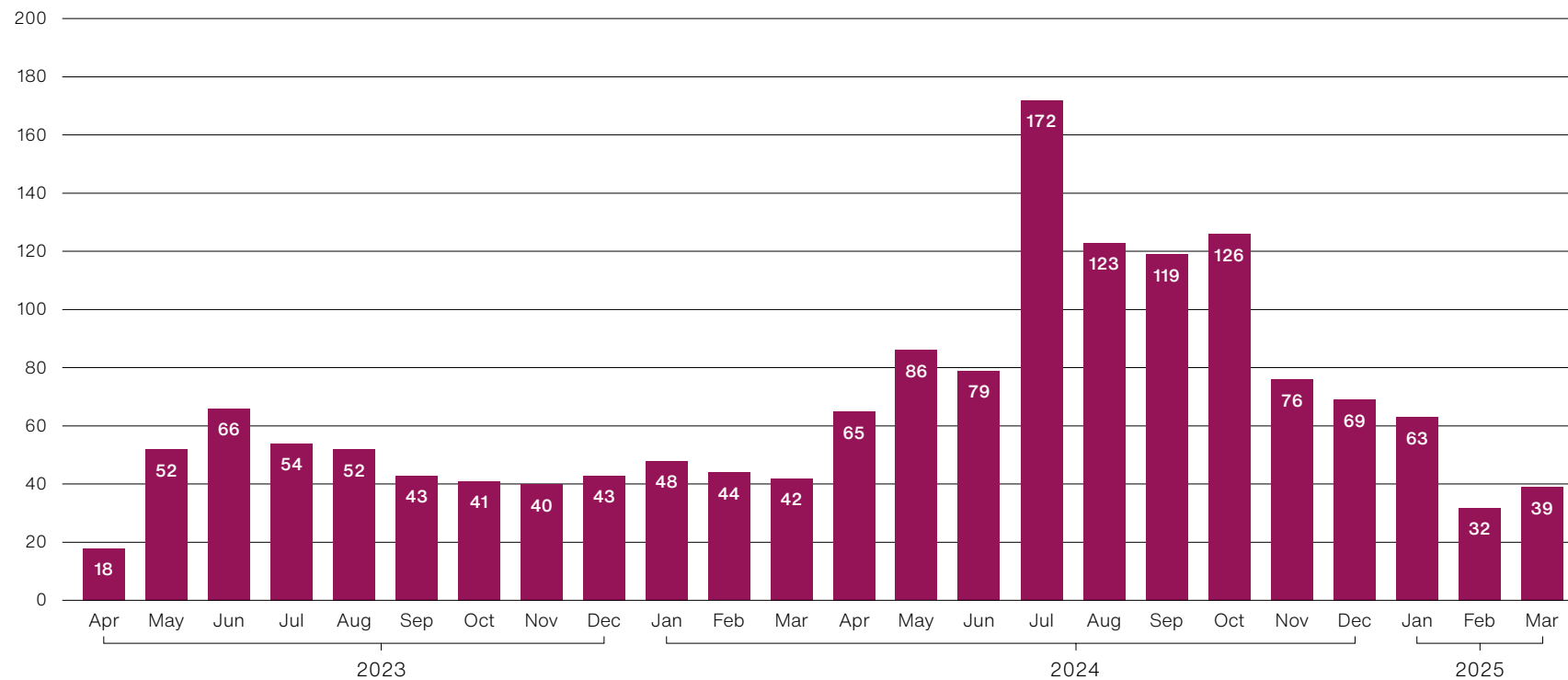
**2.14** In 2015, the government introduced reforms to public service pensions, following the publication of the Hutton Review. In December 2018, the Court of Appeal ruled that changes to pension entitlements introduced following reforms affecting certain members of the judges' and firefighters' schemes amounted to unlawful discrimination on grounds of age. The judgment is commonly referred to as the McCloud judgment, and although it applied to cases brought against the judges' and firefighters' schemes, the government developed proposals to remove equivalent differences across all public service pension schemes. As a result, some members of public service schemes are now given a choice of whether to receive benefits calculated as in the legacy schemes or the newer reformed schemes, for the transitional period between 1 April 2015 and 31 March 2022. The steps being taken to remedy these reforms are referred to as the '2015 remedy', or 'Remedy'.

**Figure 10**

Upheld complaints against MyCSP from April 2023 to March 2025

**The period between July and October 2024 saw many more complaints upheld against MyCSP than the average across the last two years**

Number of upheld complaints

**Note**

1 An 'upheld' complaint against MyCSP is a complaint that has been found on investigation to be valid, with MyCSP considered to be at fault.

Source: National Audit Office analysis of MyCSP data

**2.15** Performing the additional calculations to report two sets of benefits, presenting options to scheme members, liaising with employers to obtain additional data and processing members' decisions is a major programme that has added substantially to MyCSP's workload. It is also a source of increased member enquiries of a more complex nature. MyCSP told us that the number of queries it was processing per day halved when members began to be eligible for the Remedy programme.

**2.16** The Remedy programme could not have been foreseen when the original contract was signed, and Cabinet Office is paying for additional staff to support the programme. In 2021, MyCSP and Cabinet Office agreed a contract change note due to Remedy, with Cabinet Office agreeing to pay specified daily rates for the extra staff required for the programme. Like the original contract, the note does not specify the number of staff needed, or any minimum staffing levels. MyCSP has made extensive use of the recruitment company Hazell Carr, also part of the Equiniti group, to provide additional staff needed. These contractors are paid for by Cabinet Office at a premium rate compared with staff provided through the MyCSP contract. As of January 2025, MyCSP reports that there are currently 96.7 staff (full-time equivalent) working on the Remedy programme, 21% of the total workforce. Cabinet Office has spent £31.7 million funding MyCSP for work on the Remedy programme up to the end of 2024-25.

**2.17** The Remedy programme involves two separate packages of work: 'Immediate Choice', concerning affected members who are currently receiving their pension, and the 'Deferred Choice Underpin' (DCU), for affected members who are not yet retired. MyCSP is required to issue immediate choice members a Remedial Service Statement (RSS) pack containing information to assess whether they wish to continue receiving their current pension or take up the remedy option. Which option is the better will depend on individual circumstances. In the case of DCU, affected members will be required to make a choice as to their preferred scheme benefits on retirement. **Figure 11** sets out progress made so far in completing the Remedy programme.

**2.18** Legislation sets out that all affected immediate choice members should receive their RSS by 31 March 2025 although the legislation allows discretionary powers for Cabinet Office to delay issuing RSS in cases where it deems this reasonable. MyCSP had issued RSS for 58,000 (44% of those affected) immediate choice members by 26 March 2025. Cabinet Office recognised that MyCSP was not going to meet the statutory deadline and set MyCSP a minimum target level of 43% of statements being issued – which it has met. This progress is ahead of what most other major public sector service schemes have achieved. Despite this progress, in October 2024, Cabinet Office ordered MyCSP to stop working on the immediate choice rollout. This was because it assessed that the focus on the Remedy programme was posing a detrimental risk to MyCSP's business-as-usual work.

**Figure 11**

## MyCSP's progress on the Civil Service Pension Scheme Remedy programme

**A total of around 416,000 members are affected by Remedy**

	Immediate Choice	Deferred Choice Underpin
Employment status	Retired members	Active or deferred members
Numbers affected	132,000	283,000
Progress to date	58,000 of affected members have received their Remedial Service Statement (44%) (as of 26 March 2025)	98% of affected members issued with annual benefit statements in 2024

**Notes**

- 1 The Remedy programme involves two separate packages of work, 'Immediate Choice', concerning affected members who are currently receiving their pension, and the 'Deferred Choice Underpin', for affected active and deferred members.
- 2 An active member is an employee currently contributing to the Scheme, whereas a deferred member is someone who was previously contributing to the Scheme who is no longer, but not yet in receipt of their pension.
- 3 Numbers are rounded to the nearest thousand and may not sum to the total.

Source: National Audit Office analysis of Cabinet Office data

**2.19** Cabinet Office's current ambition is to close the Remedy programme in June 2025, with the remaining 56% of immediate choice members yet to receive their RSS to be dealt with through smaller projects. Cabinet Office is currently considering its options to procure a provider to complete the outstanding work.

**Staffing**

**2.20** Cabinet Office told us that it believes the failures in 2024 against service levels could be in part attributed to MyCSP operating with reduced staff since the announcement of the new contract to Capita in December 2023, as well as the introduction of the Remedy programme. **Figure 12** overleaf shows how MyCSP resource has changed in recent years. Total full-time equivalent (FTE) staff peaked in October 2023 and had declined by 11% by January 2025.

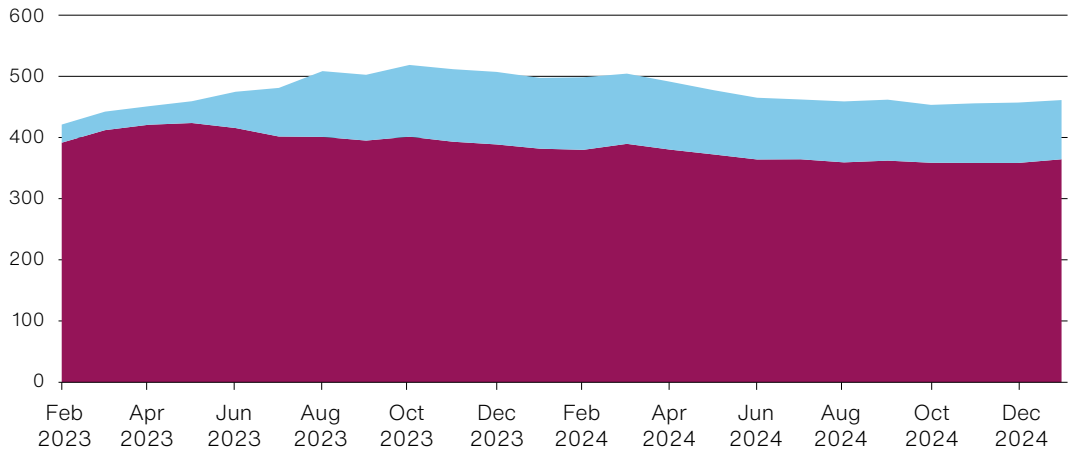
**2.21** MyCSP identified high staff attrition rates as a challenge to staffing, although it does not formally measure these rates. Management suggested that staff retention is frequently regarded as a challenge in a call centre, which can be seen as a stepping-stone to other work. This was a particular problem as they estimated that six months was required to fully train staff so that they could handle the most demanding work. MyCSP believes that this effect was mitigated to some extent by it being a part-mutual organisation, with dividend payments being linked to employment incentivising staff to stay. The most recent dividend paid to staff in July 2024 amounted to more than £4,000, with a final dividend expected to be paid out once the contract has ended, subject to MyCSP's profitability.

**Figure 12**

MyCSP staffing resource levels between February 2023 and January 2025

**Staffing levels peaked in October 2023 and have declined since**

Number of staff



- Core FTE
- Remedy FTE

**Notes**

- 1 Full-time equivalent, or 'FTE', is a unit of staff measurement corresponding to one full-time employee.
- 2 'Remedy' refers to staff employed to administer the Remedy programme; 'Core' refers to all other staff.
- 3 'Remedy FTE' includes up to 51 staff recruited by MyCSP from a recruitment company called Hazell Carr.
- 4 Data starts from February 2023, as this is the first month for which MyCSP recorded staff as employed solely on the Remedy programme.
- 5 The National Audit Office was unable to validate the calculation of the number of staff for the months October and November 2023, and April 2024.

Source: National Audit Office analysis of MyCSP data

## Part Three

### Transferring the contract to Capita

**3.1** This part of the report looks at how Cabinet Office has been overseeing the transition period, during which the contract for administering the Civil Service Pension Scheme (the Scheme) will transfer from MyCSP to Capita.

#### **Award of the new contract**

**3.2** Cabinet Office's contract with MyCSP was due to end in December 2023, with an option to extend until December 2025. Cabinet Office began planning for a new contract in late 2020, awarding the contract to Capita in November 2023. The total value of the contract is £239 million for seven years with the option to extend for a further three. We did not assess the procurement process as part of this audit.

**3.3** Cabinet Office took up the option to extend the MyCSP contract, meaning that since December 2023 there has been a transition period in progress, with Capita expecting to take over administration of the Scheme from MyCSP in December 2025. This is Capita's second time administering the Scheme, having run the pension payroll service and deferred member administration prior to 2014. Capita is also the administrator of the Teachers' Pension Scheme, responsible for its public sector pension administration and dealing with Remedy. Capita was due to end that role in 2025, but that has now been extended to 2026.

#### **Cabinet Office's management of the transition period**

**3.4** Cabinet Office is managing the transition through its Future Service Programme (the programme). This has been designated as a major programme and is part of the Government's Major Projects Portfolio, with assurance provided by the Infrastructure and Projects Authority (IPA).<sup>13</sup> The IPA's last full review of the programme, in June 2023, gave an overall delivery confidence rating of amber, noting an urgent need to secure the right level of staffing with the required skills ahead of the transition phase. The programme was previously rated as green in 2021-22.<sup>14</sup>

<sup>13</sup> The IPA and the National Infrastructure Commission were merged in April 2025 to become the National Infrastructure and Service Transformation Authority.

<sup>14</sup> Amber is defined by the IPA as 'successful delivery appears feasible but significant issues already exist, requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun.' Green means 'successful delivery of the project on time, budget and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly.'

**3.5** As part of the programme, Cabinet Office has agreed an exit plan with MyCSP, detailing key actions to be taken across several workstreams before the handover. At the same time, Cabinet Office has agreed transition milestones with Capita ahead of the go-live date in December. Joint working arrangements are in place between Cabinet Office, MyCSP and Capita, with a fortnightly forum established to discuss the transition and review risks, issues and dependencies that need to be managed.

#### Key risks being managed

**3.6** **Figure 13** shows the key risks that are being managed as part of the transition period. By the end of March 2025, Capita had failed to meet three of the six transition milestones due, around the design and development phase and user readiness. Completion of the milestones attracts payments from Cabinet Office and there are 12 in total. Cabinet Office has withheld £9.6 million in payments because of Capita's failure to meet these three milestones.

### Figure 13

Key risks that Cabinet Office is managing during the transition period from MyCSP to Capita

**There are several key risks to be managed, affecting both business-as-usual operations and transition plans**

Risk	Description	Status
Transition milestones	There is a risk that key transition milestones agreed by Cabinet Office and Capita in the lead-up to December 2025 are missed.	By the end of March 2025, three of six milestones which were due have been missed.
Staff turnover	MyCSP risks losing more staff than normal during the transition period due to the uncertainty over their future positions.	Formal TUPE (Transfer of Undertakings (Protection of Employment)) process started in May 2025.
Handover of data	There is a risk that the volumes of data needed to be transferred will be too large to manage.	MyCSP and Capita are looking at alternative arrangements and testing data transfers.
Impact on business-as-usual (BAU) operations	The increased demand on MyCSP staff to support transition work could threaten BAU operations.	A demand heatmap highlighting overall demand and specific pain points has been created.

Source: National Audit Office analysis of Cabinet Office, MyCSP, and Capita risk planning documents

**3.7** Delays to meeting these milestones means Cabinet Office has agreed a revised plan with Capita, for how it will roll out its service from 1 December 2025. To derisk delivery, the intention is that Capita will provide a simplified IT solution in December, with greater functionality for both scheme members and employers being delayed until at least March 2026. Cabinet Office has told us that contingency plans are being developed should Capita not be ready to introduce its simplified IT solution in December, but as of May 2025 nothing has been agreed.

**3.8** Another key risk being managed is high staff turnover rates from MyCSP during the transition period. There is an ongoing Transfer of Undertakings Protection of Employment (TUPE) process that Capita expects will result in many MyCSP staff moving over to Capita. However, that process only formally started in May 2025, meaning there has been a long period of uncertainty for MyCSP staff leading to higher levels of turnover through this period. MyCSP told us that one factor potentially preventing even higher turnover rates is that employees own 25% of MyCSP, and that dividend payments to them are conditional on their terms of employment.

### **Learning lessons**

**3.9** Cabinet Office accepts that the contract with MyCSP has not always given it sufficient commercial levers to influence how the Scheme is being administered. It has therefore looked to implement lessons learned from its experience with MyCSP in agreeing the contract with Capita. For example, the contract with MyCSP assumed that automation and digitalisation would achieve reduced running costs and deliver savings throughout the contract term, but limited progress has been made in these areas (see paragraph 3.14).

**3.10** The contract with MyCSP does not specify a minimum staffing level, and MyCSP has struggled to maintain sufficient staffing levels since Cabinet Office's decision to award the future contract to Capita. Cabinet Office's contract with Capita specifies that there should be sufficient resources to deliver services at all times. Capita has profiled its expected resourcing levels over the lifetime of the contract, and in year one expects to need 332 staff, 33 fewer than MyCSP's core staffing level for January 2025.

**3.11** Cabinet Office also told us that service level agreements in the contract with MyCSP do not always enable it to effectively hold MyCSP to account for its performance. Key differences in service level agreements that have been introduced into the contract with Capita include:

- **Key service levels** – with MyCSP a key service level was categorised as either marginal, moderate or severe, with those classified as severe potentially attracting the most financial penalty points if breached. Under the Capita contract, all key service levels have a five-point ‘severity-scale’ attached to them, attracting different levels of financial penalty points if breached.
- **New key service levels** – there are some new key service levels, which are the timely processing of statutory pension increases and payment of new and ongoing pensions, as well as payment of ill-health retirement benefits. Additionally, the service levels around contact centre call and email response times have been upgraded to key service levels, meaning they can now attract financial penalties if not met.
- **Changes in expected processing times** – several service levels have seen the target processing times reduced. For example, MyCSP is expected to provide an ill-health retirement quote within 10 days of a request from a member or employer, whereas under the Capita contract that has been reduced to three days. There are also service levels where the target times have been increased (e.g. individual award adjustments will be expected to be completed within 10 days rather than five previously).

**3.12** Cabinet Office has also specified a maximum profit margin of 10%, that Capita will be able to obtain through the new contract. This is in recognition that the MyCSP contract does not specify a maximum allowable profit and despite Cabinet Office’s assessment that the contract enabled MyCSP to make some healthy profits through the life of the contract, Cabinet Office struggles to effectively clawback money through the gain share model that is in place.<sup>15</sup>

### Innovation going forward

**3.13** Cabinet Office’s vision for the Scheme under the contract with Capita is for it to be the best-administered public service pension scheme in the UK. Cabinet Office are expecting Capita to identify and deliver new innovations in how the service is delivered, with the agreed contract price representing savings of £83 million over the lifecycle of the contract compared with the current MyCSP contract price. Cabinet Office told us that the contract with MyCSP does not provide sufficient incentives to innovate through digitalisation or automation across the service.

<sup>15</sup> The gain share model entitles Cabinet Office to 50% of any profits in excess of MyCSP’s forecast profit plus 2% over the year.

**3.14** MyCSP told us that one of the big drivers of contact centre enquiries and complaints was that members are unable to track the progress of queries on their pensions, as no such functionality exists on the member portal. A 'Track My Case' digital solution was discussed between Cabinet Office and MyCSP but never implemented. Cabinet Office expects Capita to introduce such functionality, offering a similar solution to employers and members to enable better access to data. This will make it easier to interact with the administrator through digital channels.

**3.15** Cabinet Office believes the contract with Capita will enable it to push the scheme service towards greater innovation. It told us it has agreed with Capita that it will have access to its innovation board, which is a board that looks at innovation more broadly, rather than specifically in the space of pension administration. The contract also commits Capita to an annual benchmarking review, that must be agreed with Cabinet Office; amongst other things, Cabinet Office expects to use this to ask Capita to consider how it is developing best practice and innovating in the services it delivers.

**3.16** Capita is expected to develop a continuous improvement strategy detailing its plans for innovation. This will involve an improvement plan that will necessitate it reporting on the realisation of benefits. With a plan yet to be provided, there are no fixed innovation or digitalisation milestones for Capita to deliver against once it takes over the contract on 1 December 2025.

**3.17** Cabinet Office recognises the role it needs to fulfil to enable Capita to realise the benefits of the continuous improvement activities. For the contract to work effectively, Cabinet Office needs to define the operating environment and develop its own capability to become a truly intelligent customer. Cabinet Office is developing this as part of a transformation workstream of the programme in 2025.

# Appendix One

## Our investigative approach

### Scope

**1** We investigated the Civil Service Pension Scheme (the Scheme) which covers the Principal Civil Service Pension Scheme and the Civil Servants and Others Pension Scheme administered by MyCSP on behalf of Cabinet Office. The report examines Cabinet Office's oversight of the Scheme; current levels of customer service, including factors contributing to a rise in complaints in recent years; and preparations for the transfer of administrator, and how Cabinet Office is managing this transition.

**2** The investigation was prompted by several pieces of correspondence we received from scheme members with concerns about the service they are receiving, together with a reported rise in the level of complaints about the Scheme. With the transition to Capita planned for later this year, we wanted to provide better transparency and clarity on how Cabinet Office manages the contract with MyCSP and its transition plan to Capita.

**3** This report builds on our previous work in this area, including our 2016 report on members' experience of the Scheme. We did not audit MyCSP's overall performance as the administrator and do not examine the workings of the Scheme itself. This report is not designed to examine and report on the value for money of the Scheme.

### Our evidence base

**4** In examining these issues, we drew on a variety of evidence sources as described in the paragraphs below. We collated and analysed the evidence using our investigative criteria as a framework. We looked across different sources of evidence to support each of our findings.

#### Interviews with Cabinet Office and Scheme administrators

**5** We conducted 10 semi-structured interviews with officials from Cabinet Office, MyCSP and Capita. Interviews took place between 20 February 2025 and 16 May 2025, and were carried out online and face-to-face. We interviewed representatives from:

- **Cabinet Office.** Responsible for managing the contract with MyCSP and Capita. We conducted online interviews with officials with responsibility for the oversight and management of both contracts, including the monitoring of performance measures. We also interviewed officials from the Remedy programme team to understand the impact and effect of the McCloud judgment and the future service programme team to understand the transition plan to Capita and progress against it.
- **MyCSP.** We visited MyCSP at their location in Liverpool on 2 April 2025. We conducted interviews with senior members responsible for customer service operations and experience and the Remedy programme. These interviews provided an understanding of how the day-to-day service operates, from general enquiries to handling complaints. We also explored their experience of working with Cabinet Office in delivering to contract requirements and discussed the complaints data that initiated the investigation. We spoke with and shadowed contact centre staff about their experience and interaction with members, dealing with enquiries and complaints.
- **Capita.** We wanted to explore Capita's views on the progress to completing the transition as the incoming administrator and as part of the tripartite arrangement with MyCSP and Cabinet Office; how the tripartite arrangement is currently working and their plan for innovation and delivery over the contract term.

### Interviews with stakeholders

**6** The Civil Service Pensioners Alliance (CSPA) contacted us to offer their views on members' experience of the MyCSP administration. With 40,000 members and campaigning on behalf of individual member cases, they offered insights on the impact the service is having on members, individual case examples and views on how the service can be improved in the future.

**7** We also spoke with The Pensions Regulator (TPR), the UK regulator of workplace pension schemes. TPR is responsible for ensuring employers put their staff into a pension scheme and pay money into it, as well as helping improve the way workplace pensions are run. They do not deal with member complaints or queries or provide help on how to access members' pensions.

### Document review

**8** We reviewed a range of published and unpublished documents provided by Cabinet Office and MyCSP. We used this information to understand Cabinet Office's governance arrangements for oversight of the Scheme, contract arrangements for MyCSP and Capita, MyCSP performance data for delivering contract requirements, progress against transition targets from MyCSP to Capita and the plan for a future service.

- 9** Our review encompassed over 200 documents, including:
- business case and board minutes from different governance groups;
  - commercial contracts between Cabinet Office and MyCSP, and Cabinet Office and Capita;
  - performance reports including information on service delivery and complaints; and
  - transition plans including progress against milestones and risks to delivery.

### Data analysis

**10** We analysed data provided by Cabinet Office and MyCSP to understand performance against contract requirements, complaints, resourcing levels and non-contractual performance targets. We analysed the data to provide an overview of how MyCSP's performance has changed over time and why; how Cabinet Office manages and incentivises performance through the contract; provide greater transparency on how Cabinet Office measures the performance of MyCSP; and understand the plans Cabinet Office has for integrating lessons learned for the new contract with Capita.

### Data limitations

**11** The data we analysed is collected and reported by MyCSP and Capita and already existed. We did not perform additional analysis of our own. We reviewed, challenged and presented the data provided by Cabinet Office but did not validate the datasets in this report or provide assurance of their accuracy. We have noted where and if any data caveats or limitations exist throughout the report.

### Ethical considerations

**12** National Audit Office (NAO) staff have the opportunity to join the Civil Service Pension Scheme, and therefore most of our staff stand to gain from the Scheme at some point in the future. We considered the potential risk of conflict of interests for audit staff involved in the investigation from start to finish. We identified that the team members conducting the investigation are unlikely to access their pensions soon and limited the scope to ensure we did not examine scheme finances, or the calculation of any individual pension, to minimise the perception risk.

**13** We consulted with our internal ethics team and agreed a set of mitigations, monitoring the risk throughout the audit. The Comptroller and Auditor General (C&AG) and another NAO Executive Team member are not part of the Scheme and were able to provide an objective view on the findings made in the report.

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