Back on track?

A number of public sector pension schemes have continued to face delays as a result of the McCloud remedy, but there has been recent progress. *Pensions Age* reports

The government has suggested that recent delays in formal civil servants receiving their occupational pensions as a result of the McCloud fallout have now been resolved, with the My Civil Service Pension (MyCSP) portal back at contractual performance levels.

In October 2023, system and process changes were implemented to rectify the pension position of those members impacted by the McCloud judgment, a legal ruling impacting approximately 420,000 Civil Service pension members.

However, Cabinet Office Parliamentary Secretary and MP for Queen's Park and Maida Vale, Georgia Gould, recently admitted that this had a "significant impact" on business as usual 'retirement quotes' and 'finalisations' as the new systems and processes went live and were embedded over the following months.

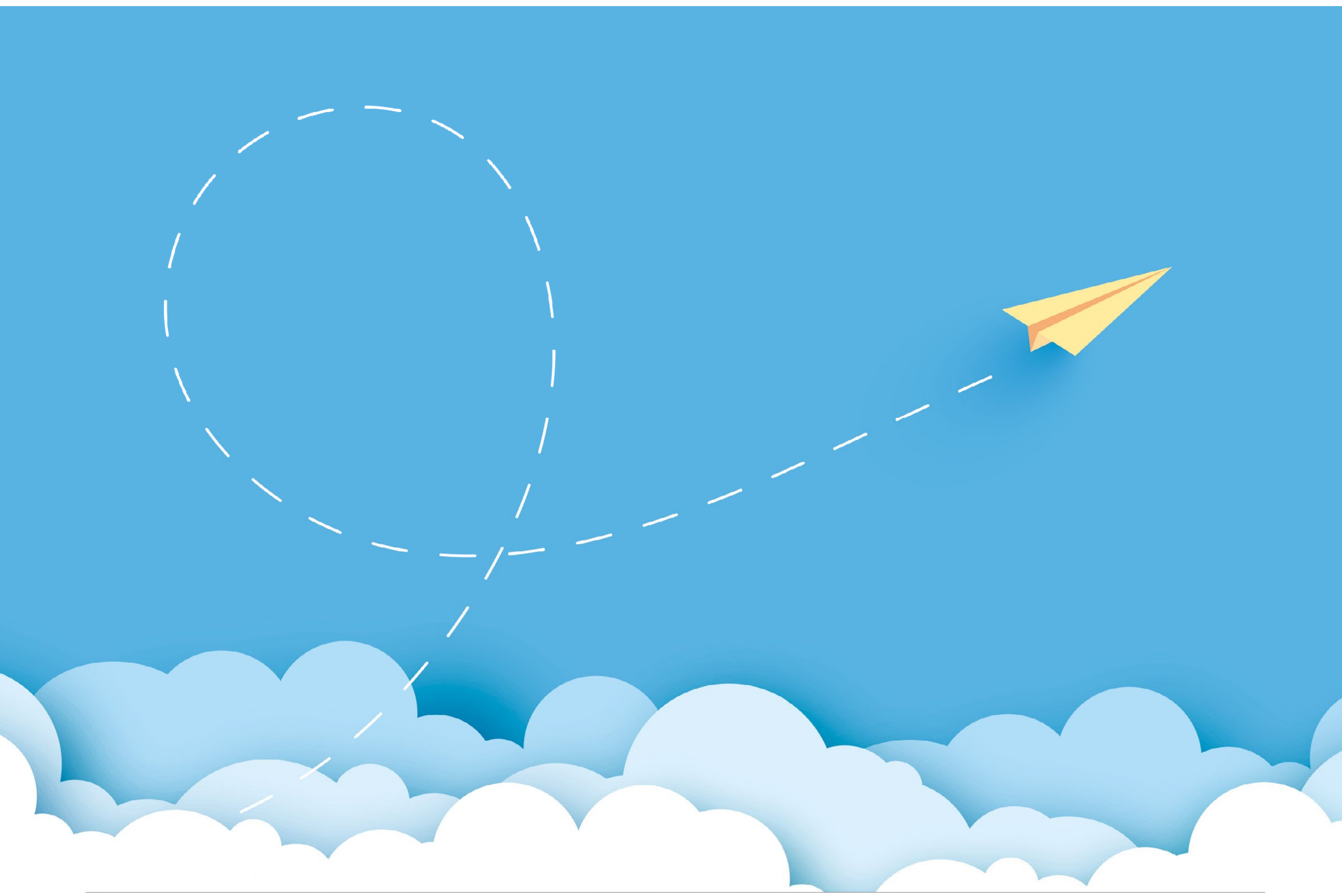
"This led to a dip in performance in providing retirement quotes and paying lump sum payments at retirement," she continued. "The delay in lump sum payments for some members was up to 20 days; however, monthly retirement benefit payments were not affected and paid on time."

But Gould confirmed that the Cabinet Office, as scheme manager, has worked closely with MyCSP to rectify this position and return to meeting contractual performance levels, confirming that this was achieved at the end of September last year.

"For the past six months, up to and including March this year, MyCSP is back to achieving over 99.7 per cent of their service level agreements," she revealed.

"We continue to monitor performance carefully and work to ensure that any complaints or errors are identified and addressed as quickly as possible."

Other public sector schemes are still



Broader McCloud issues still being addressed

Whilst the government previously suggested that it was moving ahead with the "final steps" in the McCloud remedy back in 2023, broader work to deal with the fallout from the 2018 court ruling.

In particular, HM Treasury recently had to update the Treasury Directions for the Public Service Pensions and Judicial Offices Act 2022 regarding the McCloud remedy.

The act provides a remedy for public service pension scheme members affected by discrimination that arose when public service pension reforms were introduced in 2015.

Treasury Directions specify how powers under the act are to be used by public service pension schemes.

HM Treasury said the 2025 directions made "minor technical amendments" to the Public Service Pensions Directions 2022.

The updated directions came into force on 30 April 2025, and extended to England and Wales, Scotland and Northern Ireland.

The amendments focus specifically on 'Part 2: Chapter 1 schemes' – schemes other than judicial schemes and local government schemes.

The announcement followed an exchange between HM Treasury and the Government Actuary's Department, in which HM Treasury public spending group director, Nick Donlevy, queried the impact of the proposed changes on interest rates.

In response, government actuary, Fiona Dunsire, concluded that the revised directions should deliver the underlying policy intention and that making the proposed amendments would not affect the overall approach to choosing interest rates.

"The only change which is not an amendment to better meet the underlying policy intent is the one to allow schemes to aggregate payments across tax years rather than scheme years when calculating some interest payments," she added.

facing delays and issues surrounding the McCloud judgment, however.

The Teachers' Pension Scheme, for instance, has faced fire over delays to cash equivalent transfer values (CETV) calculations, which have caused knock-on delays for some savers, including in relation to divorce.

In addition to this, the government recently confirmed that there would be a delay in the production of NHS Pension Scheme remedial service statements, after technical complexities impacted delivery timelines.

In a written statement, Minister of State for Health (Secondary Care), Karin Smyth, confirmed that technical complexities, some of which extend beyond the NHS Pension Scheme, have affected delivery timelines for statements.

She stated: "The NHS Business Services Authority, as the scheme administrator of the NHS Pension Scheme, is prioritising the delivery of remediable service statements.

"However, in order to ensure that affected members receive robust statements that enable informed decision-making, I have agreed to a revised delivery plan for these statements with the authority, which it is communicating with affected members.

"The revised delivery plan prioritises members based on their likelihood of facing financial detriment as a consequence of the discrimination.

"Government acknowledges that the revised timelines mean many members will receive their statement later than anticipated and that this will have an impact, especially on those retired members who will financially benefit from their choice."

The remediable service statements are required as part of the McCloud remedy, with schemes required to provide affected members with the statements, setting out how their choice of pension benefits, legacy or reformed, will affect the value of their pension benefits.

Members who have already retired must also be provided with a remediable service statement to allow them to make their benefit choice retrospectively.

Whilst the governing legislation requires that a statement is provided to each affected member on or before 1 April 2025, the new delivery plan has extended this by varying lengths for different members, ranging from three months to 20 months.

But Quilter NHS pension expert, Graham Crossley, warned that the delays are making financial planning difficult for many individuals, and could lead to "missed opportunities" to use full allowances.

"And these opportunities are lost unless the government introduces exceptional measures, such as extending carry forward rules to five years instead of three," he continued.

"The revised delivery plan prioritises members based on their likelihood of facing financial detriment, but the extended deadlines mean many members will receive their statements later than anticipated."

Given these concerns, Crossley urged the government to consider taking "urgent measures", including extending the carry forward rules and providing immediate remediable service statements for those needing transitional tax-free amount certificates.

"These steps are crucial to ensure that affected members can make informed decisions about their pension benefits without further delays," he said.

Written by *Pensions Age* team