

Review and assurance of the revised NHSBSA McCloud Remedy project recovery plan

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Foreword

The NHS Pension Scheme for England and Wales is one of the largest in the country. It is an important element of the overall NHS reward offer and represents a significant commitment to staff who have dedicated their careers to public service. Ensuring that members receive the benefits to which they are entitled is fundamental to fairness, trust and confidence in the scheme.

This independent review was commissioned in response to missed delivery milestones and concerns regarding implementation of the McCloud Remedy for the NHS Pension Scheme. It considers the NHS Business Services Authority's (NHSBSA) recovery plan, delivery capacity and capability, and the governance, cultural and operational conditions required to restore confidence. Accordingly, it should be read as an independent assessment of delivery and the systemic conditions affecting it, rather than as an exhaustive audit of every individual case, process, data set or historic administrative issue within the scheme.

The review acknowledges the scale and complexity of the task, including the size of the scheme, the mobility of the workforce, complex member histories, and substantial data and system dependencies. While these factors are significant and must be fully recognised, they do not lessen the obligation to provide members with clear information, reliable plans and timely resolution. The review also identifies areas of meaningful progress. Governance and programme management arrangements have been strengthened, the recovery plan is more structured, and there is improved visibility of case volumes, risks, supplier activity and dependencies. NHSBSA staff engaged constructively and demonstrated commitment, professionalism and resilience.

Delivery remains subject to significant risk and will require sustained oversight, clear accountability and proactive management to maintain progress. The recommendations in this review are intended to support NHSBSA and the Department of Health and Social Care in establishing the conditions for successful delivery through strengthened governance, integrated planning, effective assurance, improved organisational capability and a culture in which difficult issues are identified and escalated at an early stage. The review has identified significant underlying weaknesses in governance, assurance, organisational capability, data, systems and culture which affect delivery and scheme administration. Its conclusions address these systemic conditions as well as the individual issues identified during the review. The findings necessarily reflect the evidence available to, and identified by, the review during the period in which it was conducted. Where visibility of issues has been incomplete, that is itself material to the review's findings on governance, assurance and control. As transparency and assurance improve, further issues may therefore come to light. Their emergence would not, in itself, alter the review's conclusions about the underlying conditions that require remediation.

It is essential that this work remains focused on members. The McCloud Remedy intends to address discrimination and provide eligible members with a fair choice. Restoring confidence will require delivery against revised plans, openness on progress and risks, and a sustained commitment to improving the future administration of the NHS Pension Scheme.

In taking forward these recommendations, the new leadership team for the NHSBSA's pensions service have begun work to improve visibility of, and address, shortcomings and issues within current scheme administration, so that they can be understood, remedied and the process of modernising the scheme advanced. This work should be expected to identify further issues, including issues not evident at the time of this review. Identifying and escalating such issues is a necessary part of strengthening transparency, control and assurance; they will then require prompt assessment and effective remediation. Carrying out this work will not be quick, and the government should be under no illusions that sustained leadership attention and substantial investment will be required.

This review was undertaken independently of my role as chair of the NHS Pensions Board. Its findings, judgements and recommendations are my own and were reached in my capacity as independent reviewer. The review has now concluded. Separately, as chair of the NHS Pensions Board, I will continue to scrutinise the onward progress of the scheme on behalf of members and employers.

Lisa Tennant

Chair of the NHS Pension Board

Executive summary

The Minister of State for Health (Secondary Care), Karin Smyth, commissioned this independent review to assess the National Health Service Business Service Authority's (NHSBSA) delivery of the McCloud Remedy for the National Health Service (NHS) Pension Scheme in England and Wales. This report presents the findings and recommendations of that review.

The findings fall into 2 broad categories:

- strategic factors:
 - governance
 - leadership and organisational culture
 - systemic
- operational factors:
 - McCloud Remedy recovery project
 - operating model
 - operational readiness
 - digital and data
 - customer experience
 - change management

Throughout this review, it was evident that NHSBSA staff are deeply committed to public service and to ensuring the effective delivery of pension benefits for NHS colleagues. Teams consistently demonstrate professionalism, resilience and dedication in often complex and high-pressure circumstances. There is a genuine and widely shared belief in the importance of providing a fair and reliable pension service, and a clear desire among staff to contribute to improving the systems and processes that serve members and employers.

Working in collaboration with NHSBSA and key stakeholders, the review team has gathered evidence through interviews across:

- NHSBSA

- Department of Health and Social Care (DHSC)
- the Government Actuary's Department
- the Government Legal Department
- contracted programme advisers
- NHSBSA Board and associate non-executive director members
- the Audit and Risk Management Committee (ARC) chair
- the Government Internal Audit Agency (GIAA)
- peer public service pension schemes

The review draws on:

- DHSC McCloud Programme Board and NHS Pension Board meeting papers
- NHSBSA Board and ARC proceedings
- GIAA internal audit reports
- outputs of an internal gateway review
- contract award documentation
- evidence from other pension schemes

The review team has completed numerous interviews and workshops, as listed below, and a detailed analysis of key Programme artefacts shared by the McCloud Remedy Programme team. The findings detailed herein are related to artefacts shared on or before 10 April 2026 only. The final report was sent to the NHSBSA and the DHSC on 18 May 2026. Work by NHSBSA and DHSC is ongoing to address the review's findings. Throughout, NHSBSA teams have been open, engaged and collaborative. The research included:

- 85 primary engagement interviews
- 81 workshops conducted
- 89 stakeholder engagements
- twice weekly leadership meeting with DHSC and NHSBSA

- 11 focused workstream feedback sessions

The exceptional scale and complexity of the NHS Pension Scheme - particularly the frequency with which members, especially doctors, move between organisations - creates administrative challenges that are uncommon in smaller schemes. The programme is one of the most complex remediation exercises ever undertaken in UK public service pensions. It requires NHSBSA to issue Remedial Service Statements (RSS) to hundreds of thousands of retired scheme members, each involving individual benefit calculations, and to manage the subsequent enactment of member choices. The programme is operating against a backdrop of missed statutory deadlines, intense scrutiny and growing interest liabilities.

Progress

Meaningful progress has been made across governance, programme management, leadership, operational capability, supplier oversight, and digital transformation.

Governance

A new NHSBSA Internal McCloud Remedy Programme Board has been established. The DHSC McCloud Programme Board has been refreshed with updated terms of reference incorporating conflict of interest and non-disclosure agreement provisions. The NHSBSA Portfolio Director has designed a structured internal governance framework aligned to [Government Functional Standard 002](#), with:

- weekly project meetings
- risks, assumptions, issues and dependencies (RAID) management
- change control
- a staffed project management office (PMO)

Dedicated pensions oversight has been created at the NHSBSA Board and its ARC, with pensions now a distinct standing item and pensions-related finances separated for clearer oversight. Internally, NHSBSA has reorganised into service boards, transformation boards and transition boards, providing clearer aggregation of operational accountability. The service boards report into the monthly combined leadership team meeting, chaired by the chief executive officer (CEO). Gateway reviews were conducted in July and November 2025 and recommendations are being tracked.

Board capability and succession

The Remuneration and Nominations Committee has identified pensions and risk management as the 2 skill sets most needed on the NHSBSA Board, and 2 associate non-executive directors have been appointed to fill those gaps through deliberate succession planning. The specialist pension associate non-executive director (NXD) is providing operational and strategic scrutiny of the kind the system requires, including articulation of supplier-specific delivery risks and observed operational improvement at the Blackpool site. The board has a designated Freedom to Speak Up champion.

Leadership

The NHSBSA's Director of NHS Pensions appointment has been widely welcomed. The CEO has demonstrated personal reflection throughout the review process, including developing a Lessons Learned approach and collaborating fully with the review team. The CEO's desire for permanent rolling external assurance is a positive. New 'head of' positions, (for example, head of technical excellence) have been created within the Pensions Service, increasing leadership capability, competence and visibility.

Programme management

The McCloud Remedy recovery project has been restructured into a programme with 6 underlying projects, more accurately reflecting its complexity. The latest programme plan represents significant progress on structure, content, completeness and alignment relative to the original and provides a credible plan of record. A new governance process introduced in March 2026 supports weekly review and managed escalation. The detailed volumetric dashboard now in place provides a much stronger evidence base for forecasting, capacity discussions and scenario planning than was previously available, and supports targeted supplier deployment by complexity.

Operating model and capacity

The need for a centralised planning function has been recognised and authorised by NHSBSA. NHSBSA has appointed an interim Head of Planning and Operational Readiness, with a service-wide Pensions Priority List identifying over 80 separate workstreams. NHSBSA has produced an organisation-wide workforce plan and is currently ringfencing resourcing decisions to allow targeted recruitment.

Suppliers and commercial

In delivering McCloud, the NHSBSA and DHSC has encountered challenges with its supplier arrangements. The review considered these and has made recommendations in

relation to both existing and future commercial arrangements to strengthen supplier performance and governance.

Digital and automation

The RSS automation solution is in user acceptance testing (UAT) and digital leadership reports high confidence in delivery. A successful demonstration of automated redundancy calculation has identified upstream data flow as the next priority, with a deliberate shift in focus towards automating the data on which all calculations depend. Migration to an upgraded platform for the core pension administration system is in progress. The Digital, Data and Technology (DDAT) function is also exploring Robotic Process Automation (RPA).

Assurance

GIAA's pensions risk management (March 2026) gave moderate assurance, acknowledging notable improvements. GIAA's transformation discovery audit gave substantial assurance on strategy and planning. GIAA's 2025 to 2026 plan now includes 3 strands (Change, McCloud and Strategy), supplemented by a Complaints audit, with substantial pensions content across all 4 strands of activity. The NHS Pension Board has undertaken a development day and an independent governance review identifying structural improvements. Internal audit's NHSBSA Board Effectiveness Review has identified broadly positive aspects. DHSC sponsorship has become more robust, with explicit oversight of the pension scheme now embedded in the sponsorship framework.

Culture and customer experience

A formal organisational culture review is now under way, framed by leadership as a wider corporate reset. Internal audit has independently observed a shift towards sharper, more pointed engagement on business and delivery. Communication quality has begun to improve through clearer language, better design principles and a more structured approval process for member-facing letters. The establishment of a dedicated Operational Readiness function marks a shift away from ad hoc handovers toward a more controlled approach to introducing change into live operations.

Areas requiring continued attention

Culture

The operating culture has not yet changed at the depth required, but the diagnostic picture has evolved during the review. External stakeholders, including the Government Legal Department, the DHSC senior responsible owner (SRO), the Government Actuary's

department, internal staff, contracted programme advisers and board members, consistently describe a culture in which problems are not surfaced proactively and there is an element of hesitation about speaking up. Senior leaders accept that bad news travels slowly within the organisation. They attribute this to a long-standing technical-over-delivery leadership orientation and a 'fix it myself' instinct within a highly technical function now operating at the scale of a high-volume business, rather than fear of speaking up. This is captured in the observation that "what happens in Pensions stays in Pensions".

Staff engagement scores in NHSBSA-wide surveys are strong, and the wider NHSBSA cultural infrastructure is well-established (including [Best Companies recognition](#) and a Freedom to Speak Up champion at board level). The 2 accounts are not mutually exclusive: the surface phenomenon of slow upward information flow on difficult matters is real, is acknowledged by leadership, and is consistent with the external evidence.

During the October 2024 to March 2025 replan period, NHSBSA changed its internal governance to exclude DHSC and the department's assurance partner from the internal McCloud Programme Board. DHSC did not adapt its approach to external scrutiny to compensate. This exemplifies a pattern of silo working and presented shared challenge to the working arrangements between the 2 organisations during a critical period. Collaborative working is now much improved between NHSBSA and DHSC, being driven by the DHSC SRO and NHSBSA senior leaders.

Governance integration

Several stakeholders report that governance requirements may now be consuming delivery capacity without proportionate benefit. Internal audit and operational interviewees flag an early risk of over-governance from the volume of new boards and meetings, with information flow and the right level of escalation still to bed in; some boards have already been merged. There is no single formally agreed document setting out governance structures, accountabilities and escalation routes across the system, a gap identified independently by the CEO, COO, pensions director, finance director, DHSC SRO, ARC chair and the Pension Board governance review.

Board capability

The right NHSBSA board member expertise is now being introduced through deliberate succession planning. Board members would benefit from a more even understanding of programme delivery risk, supplier exposure, capacity and the digital transformation agenda.

A focused review of pensions papers in circulation finds that the Pensions Service Report tabled at the ARC gives the clearest current picture of strategic pensions risks and issues. The full NHSBSA Board receives substantially more material with less strategic distillation.

The review recommends that the Pensions Service Report (or equivalent) be tabled at the full NHSBSA Board, that a single Pensions Dashboard be provided simultaneously to the NHSBSA Board, the Internal and DHSC McCloud Programme boards and the Pension Board, and that the board agree a paper-design principle prioritising strategic summary over operational detail, with operational detail held in a reading room accessible to members on request.

Leadership and decision-making

Key leadership positions remain stretched. Informal workarounds such as direct conversations, ad hoc escalations and individuals taking personal responsibility for ensuring key information reaches decision-makers have grown up to bridge gaps in upward information flow. They are necessary in the current state but are not a sustainable substitute for disciplined upward reporting. There is a widespread absence of documented decisions within NHS Pension Service (NHSPS), including on resourcing and prioritisation, independently corroborated by GIAA.

Staff capacity and SME dependency

Pensions administration is a subject matter expert (SME) intensive environment in which workforce flexibility is structurally harder to achieve than in functions where skills are more transferable. Sixteen full time equivalent (FTE) were working on the McCloud Remedy in September 2024, rising to 176 FTE by June 2025 (mainly from internal moves) - there were 130 FTE in March 2026. Significant staffing gaps persist across the service. McCloud has 67 FTE approved to recruit; demand for a further 100 FTE for Group F and 23 FTE for Choice on Retirement (CoR) is not yet covered; the Pensions Customer Hub (PCH) has requested an additional 170 staff to meet future demand and in response to anticipated attrition; and approximately 40,000 multi-complexity and deceased member cases have not yet been incorporated within the RSS Generation project plan. The same SMEs are required for both business-as-usual (BAU) and McCloud, creating persistent tension between the 2.

Suppliers and commercial

The review team has issued separate findings and recommendations to the DHSC and NHSBSA outlining steps to:

- strengthen supplier management, market scoping and development
- ensure all actual and perceived conflicts of interest are managed in accordance with the Procurement Act 2023

Digital and data delays

Key technology enablers have slipped. The RSS automation solution has moved from a scheduled release of February 2026 to 11 May 2026, with a further slip anticipated; the affected case volume is approximately 270,000. The core pension administration system upgrade required for CoR and Choice on Bereavement (CoB) has moved to July 2026, with consequent likely 2027 implementation dates for both downstream projects.

Approximately 4,000 Remedial Pensions Saving Statement (RPSS) cases were on hold at the time of this review awaiting upstream data updates from a third party. Data quality issues continue to slow progress, with many cases blocked by missing or inconsistent information requiring manual intervention.

Customer trust

Confidence has been damaged by missed deadlines and prolonged uncertainty. NHSBSA failed to meet a committed date of 5 July 2025 for part of the rollout, which has undermined trust among members and staff. As of the date of this review, approximately 20,600 RSS calculations had been completed (including reworks), with around 7,200 issued to members against a total population of approximately 400,000. While communications quality is improving, engagement has remained cautious and reactive, limiting the programme's ability to reset expectations transparently.

Cross-scheme and systemic

Cross-scheme evidence from the Scottish Public Pensions Agency (SPPA) confirms these challenges are not unique. SPPA missed its statutory deadline, reported breaches of law to The Pensions Regulator, and faced criticism for optimism bias. SPPA's CEO acknowledged that pension administrators across the UK underestimated the scale and complexity, and that late UK government guidance was a material factor. The Civil Service Pension Scheme and Teachers Scheme have faced similar difficulties.

Some smaller schemes have been successful in their delivery of the McCloud Remedy. Lothian Pension Fund and the Police Pension Scheme have largely concluded their equivalent McCloud programmes. Success factors include early data cleanse delivery, robust supplier management and early and effective training programmes for administrators.

While NHSBA must be held to account, the systemic conditions, created by the McCloud Remedy design, late cross-government guidance and the inability of platforms to automate dual calculations, are material contributing factors.

DHSC sponsor relationship

The DHSC sponsor relationship with NHSBSA is currently in transition following the recent retirement of the long-standing senior departmental sponsor and replacement by departmental representatives covering different aspects of the relationship. The review supports the rapid development of a robust sponsorship mechanism.

Conclusion

The NHSBSA McCloud Remedy Programme is stronger, more structured and better governed than it has been previously, with tangible progress in planning, data visibility, leadership focus and supplier oversight. The Business Case Addendum articulates strategic and operational risks more explicitly than at any previous point. There is also concrete and informed board-level confidence in the plan, supported by quantifiable improvements in supplier engagement data, faster feedback loops and a clearer evidence base. The review records this as a material change from the position observed earlier in 2025.

Delivery nonetheless remains fragile. Capacity and skills constraints are acute. Technology and supplier risks remain material. Culture change is in train but unproven. The review cannot provide full assurance that the current programme plan delivery dates will be met. The recommendations of this review, taken together, are intended to strengthen the foundations on which sustained delivery and credible public communication of progress can be built.

1. Governance

The governance of the McCloud Remedy Programme spans multiple bodies: the DHSC McCloud Programme Board, NHSBSA's Board and ARC, the NHS Pension Board, and a new Internal NHSBSA Remedy Programme Board. The programme also interacts with NHSBSA's internal structures including the Combined Leadership Team, Chief Officers Group (COG), a Pensions Service Board, and a Portfolio Investment Board.

The architecture has been materially strengthened. A Portfolio Director has designed a structured internal governance framework with separate project boards for each workstream, weekly governance rhythms, formal change control, and restructured the programme presentation within the Verto system (NHSBSA PPM tool). The DHSC McCloud Programme Board has been refreshed. Dedicated pensions oversight has been created at the NHSBSA Board and ARC, with 8 additional hours of Board time. Gateway reviews were conducted in July and November 2025.

However, 3 areas require further work. First, no single formally agreed document sets out how all governance bodies relate to each other. Every senior stakeholder interviewed identified this gap. The Portfolio Director's framework covers the NHSBSA side but does not extend to the cross-system picture. Second, reporting activity may now be disproportionate to the assurance benefit. Third, the depth of information reaching governance forums does not yet support the challenge required.

Governance findings

F1.1 Governance structure and accountability

The creation of the Internal Remedy Programme Board, refresh of the DHSC McCloud Programme Board, and introduction of dedicated pensions oversight at the NHSBSA Board and ARC represent significant professionalisation. However, a single documented governance architecture agreed by all parties has not been produced. The relationship between the multiple governance bodies is not clearly or consistently understood across the system, and forums continue to receive different information at different times.

Further structural changes are now embedded or underway. Pensions is treated as a distinct standing item at the NHSBSA Board and ARC, with pensions-related finances separated for clearer oversight. Internally, NHSBSA has stood up a single front door for digital commissioning and 5 cross-functional digital squads, providing more disciplined demand management than the previously siloed model. Internal auditors confirm a stronger grasp on governance, and that COG and Pension Service Boards approach is more serviceable. At the same time, internal auditors and several operational interviewees flag a watchpoint: the volume of new boards and meetings carries an early risk of over-governance, with information flow and the right level of escalation still to bed in. Some

boards have already been merged. The review supports continuing consolidation as the model matures.

These changes are the latest stage of an evolution dating from 2021, when the NHSBSA Board, ARC and internal auditors collectively recognised they were not sufficiently close to pensions. Since that point NHSBSA Board attention to pensions has progressively increased, with internal auditors completing a substantial body of pensions-focused engagements over the period and pensions now appearing repeatedly as an NHSBSA Board agenda item rather than as occasional reporting. The autumn 2023 corporate strategy refresh formally identified ‘transforming pensions’ as 1 of 5 strategic pillars for the 2024 to 2029 period, providing the explicit corporate framing under which subsequent leadership and structural decisions have been made.

F1.2 Expertise and challenge in governance forums

A focused review of the pensions papers flowing through the system identifies a parallel issue. The Pensions Service Report tabled at the ARC is the strongest pensions paper. It summarises the principal issues concisely and candidly, surfaces strategic risks clearly, and provides the kind of evidence base on which board-level scrutiny depends. The papers reaching the full NHSBSA Board are different in character. They are substantially greater in volume, with a high level of operational detail and a less consistent strategic distillation of the key risks. The trajectory has been towards more information rather than sharper information. This is an understandable reaction to the identified challenges around McCloud delivery.

This trajectory, while well-intentioned, is producing the opposite of what the NHSBSA Board needs. Members are receiving more material but are less consistently equipped to identify the principal delivery risks, suppliers, capacity gaps or digital dependencies. The same strategic summary that works at ARC should work at the NHSBSA Board, supported by a concise Pensions Dashboard provided simultaneously across governance forums, with operational detail held in a reading room accessible to members on request rather than pushed into the board pack.

F1.3 Core programme artefacts and PMO oversight

The Portfolio Director’s governance framework provides disciplined project-level governance with defined standing agendas, milestone classifications, and change control. Key programme artefacts including the Capacity Plan, Programme Plan and Financial Cost Model are advancing but not yet complete. The Integrated Approvals and Assurance Plan is being developed between DHSC and NHSBSA - this provides a single view of how governance bodies will align to support McCloud Programme; this cannot be finalised until the replan is complete. Foundational Programme Board actions on SME resource supply and NHS England redundancy impact remain open.

The contracted DHSC advisers' role is transitioning to approximately 80% communications and 20% PMO. The Portfolio Director's framework identifies precursor steps still needed before full operation. Multiple interviewees describe a growing tension between governance and delivery, with operational staff spending more time reporting than delivering.

F1.4 Assurance and escalation

The NHSBSA CEO has requested permanent third-line assurance across McCloud and other high-risk programmes, recognising the original assurance partner and approach did not deliver to the outcomes expected. This structural change places commissioning responsibility with the organisation accountable for delivery. The review notes that the original assurance partner's effectiveness during the replan period was conditioned in part by the access decisions described above: an assurance partner cannot provide effective challenge to material it is not sighted on. This is not a complete explanation of the earlier assurance failures, but it is a material consideration.

GIAA's 2025 to 2026 audit plan includes a 3-stranded programme covering Change, McCloud and Strategy, supplemented by a Complaints audit, with substantial pensions content across all 4. The Spend Compliance audit, triggered by a breach of Standing Financial Instructions reported in May 2025, is still being finalised. A Board Effectiveness Review of the NHSBSA Board is complete, with positive aspects identified alongside structural observations on board challenge (see F1.2). GIAA has confirmed it will track delivery of this review's recommendations through subsequent audit cycles. The review recommends internal auditors maintain a separate pensions stream. Escalation pathways remain inconsistently documented, with issues sometimes raised informally rather than through established channels.

F1.5 Financial oversight

Pension related finances are now separated within governance forums for clearer focus, supported by a refined risk taxonomy. These are positive structural changes which must be further matured and embedded. 2 further structural improvements have been introduced since the original review draft. A Pensions Comprehensive Spending Framework has been agreed between DHSC and NHSBSA, clarifying roles and responsibilities in setting budgets, amending budgets and amending the pensions levy. The Framework was developed jointly with DHSC and went to the NHSBSA Board for the first time on 14 May 2026. On 14 May 2026, the board approved the NHS Pensions Administration budget for 2026 to 2027 for onward approval by DHSC, following DHSC's prior agreement to a budget for quarter 1. Pensions-specific finance reporting has also been introduced over the past year, with quarterly pensions finance reporting now providing greater granularity and supporting more informed oversight.

F1.6 Supplier governance and commercial oversight

The review team has set out separately to the NHSBSA and DHSC some suggested steps to strengthen NHSBSA's supplier management, market scoping and development and ensuring any perceived or actual conflicts are appropriately addressed, consistent with the requirements of the Procurement Act 2023.

Overall, operational supplier management has improved since the start of the review. The introduction of a Statement of Work process for key suppliers allows NHSBSA to define deliverables, hold suppliers to specific commitments and apply consequences where commitments are missed, a marked improvement. The review supports this trajectory and recommends that the Statement of Work approach is extended consistently across all McCloud-related contracts.

F1. 7 Performance and reporting frameworks

The COO has developed proposals for revised Key Performance Indicators (KPI) with fewer, more strategic indicators, health metrics, and forward-looking dashboards. A proposed weekly dashboard shared simultaneously with NHSBSA, DHSC, and the Pension Board would create a single version of the truth. The DHSC SRO supports a Pension Board role in KPI setting.

Governance recommendations

R1.1 Produce an agreed system-wide governance map

Within 8 weeks, produce a single governance map endorsed by all parties, setting out the role and accountability of each governance body, escalation routes, information flows, and the relationship between all internal and external forums. Build on the NHSBSA Pensions Portfolio Director's framework and extend it to cover cross-system relationships. Board papers and minutes for all governance bodies should explicitly record assurance advice, decisions, and residual risks accepted.

The DHSC McCloud Programme Board should clearly define the information and documents it requires to fulfil its oversight role, the format, delivery timeline and reporting cycle for that information, with clear action owners.

R1.2 Strengthen specialist expertise in governance forums

Consider additional specialist advisory capacity on the NHSBSA Board, DHSC McCloud Programme Board, and Pension Board with relevant complex change, operational delivery and pension administration experience. Several NHSBSA Non-Executive Director positions are due to rotate during this calendar year. The recruitment cycle should be used deliberately to address any identified skills gaps, with selection criteria explicitly weighted

toward complex pensions administration, large-scale operational delivery, and digital transformation. The Pension Board governance review's recommendations on pension scheme expertise should likewise inform succession planning for that board. The quality and design of pensions information reaching the NHSBSA Board should be changed. The Pensions Service Report, or an equivalent strategic summary, should be tabled at the full board. The paper distils the principal issues clearly and is well-suited to the board's strategic role.

A concise Pensions Dashboard should be provided to the NHSBSA Board as a standing item, covering the key strategic issues, risks, delivery confidence, supplier exposure, capacity position and digital dependencies. The same dashboard should be provided simultaneously to the Internal McCloud Programme Board, the DHSC McCloud Programme Board and the Pension Board. This aligns with the COO's view that all governance bodies should receive the same information at the same time (see F1.1) and operationalises R1.4 on simultaneous dashboards for pensions specifically.

The NHSBSA Board should agree a paper-design principle for pensions content of strategic summary plus dashboard, with operational detail held in appendices and/or a reading room accessible to board members on request rather than included in the board pack. The current direction of travel, towards more detail in response to repeated requests for more information, is producing the opposite of what the board needs. The Pensions Director and Company Secretary should jointly own enforcement of the principle and the operation of the reading room. This supports and operationalises R1.6 on governance proportionality.

R1.3 Professionalise programme governance and manage PMO transition

Implement a clear PMO transition plan with milestones and risk mitigations. Complete the precursor steps in the Portfolio Director's framework. Maintain minimum programme management standards including dependency mapping, critical-path analysis, Responsible/Accountable/Consulted/Informed ownership, and consolidated reporting.

R1.4 Implement integrated performance framework

Progress the COO's KPI proposals. Implement the simultaneous dashboard. Give the Pension Board a formal role in setting and reviewing KPIs. Dashboards should be concise and risk-based, reviewed monthly by the Executive and quarterly by the ARC.

R1.5 Strengthen financial oversight

Require financial data to be reviewed at every external DHSC McCloud Programme Board meeting. Ensure financial data flows routinely to all governance bodies with a legitimate interest. The review recognises that the Pensions Comprehensive Spending Framework agreed between DHSC and NHSBSA, the introduction of pensions-specific finance

reporting and quarterly pensions finance reporting represent material improvements. These should be embedded and matured.

R1.6 Review governance proportionality

Review the aggregate reporting burden. Standardise board packs so operational detail is confined to appendices, and main papers focus on strategic risk, capacity, delivery confidence, and assurance status. Governance should enable delivery, not impede it.

R1.7 Strengthen supplier governance

Standard supplier management framework with statements of work, KPIs, review cycles, and escalation protocols exist but vigilant commercial owner and business owner engagement are essential. Ensure that all the requirements of the Procurement Act 2023 are formally implemented

R1.8 Commission independent assurance reviews

In future, NHSBSA should directly commission its own McCloud Programme Assurance. DHSC will also require its own robust McCloud Programme assurance, through a suitable mechanism. Future assurance arrangements, whether commissioned by NHSBSA or by DHSC, should include explicit access provisions sufficient to enable the assurance partner to discharge its responsibilities. Any future decision to restrict access to internal governance be made transparently and with the explicit agreement of the DHSC Programme Board and subsequent notification to the relevant external parties.

Regular gateway reviews should be commissioned at key milestones, starting summer 2026 as proposed by the DHSC SRO. A separate GIAA pensions audit stream should be maintained covering risk management and operational delivery.

2. Leadership and organisational culture

Organisational culture is the single most important factor that will determine whether McCloud can be delivered credibly and sustainably. Governance structures and programme artefacts will not be effective if the underlying culture does not support honest assessment, timely escalation, and collaborative problem-solving.

There is genuine progress. The Pensions Director appointment has been widely praised. The physical relocation has helped morale. The CEO has shown reflection and candour. New senior leadership has been introduced.

However, the second round of interviews has produced a consistent picture from every vantage point: internal staff, DHSC, Government Legal, the Government Actuary, contracted advisers and NHSBSA Board members agree that the culture has not yet changed at the depth required.

Leadership and organisational culture findings

F2.1 Culture of agreement and information flow

The review records 2 distinct accounts of the same surface phenomenon. The external account, drawn from consistent and independent testimony, is of a culture in which problems are not surfaced proactively and where the instinct is to commit to what is expected to be welcome rather than what is realistically achievable.

The CEO and COO accept that bad news travels slowly within the organisation and attribute this to a deeply embedded technical-over-delivery legacy combined with a 'fix it myself' instinct. NHSBSA is a highly technical organisation that has historically led through a technical lens and is now operating at the scale of a high-volume business. Operational throughput as a strategic priority is recent, brought in through senior operational leadership appointments. Senior Leaders observe a pattern of "what happens in Pensions stays in Pensions", capturing a pattern of self-contained, self-correcting working within the Pensions function that has historically held problems internally rather than escalating across the organisation. Staff engagement scores in NHSBSA-wide surveys are strong, and the CEO and COO do not recognise an account in which staff are afraid to raise issues. The review's position is that these accounts are not mutually exclusive. The external evidence and the internal evidence both describe a system in which problems do not travel upwards and outwards at the speed delivery requires. Whether the underlying cause is reticence, technical pride, operational silos, or some combination is empirically difficult to disentangle, and the CEO and COO are systematically less likely to observe reticence in the parts of the organisation furthest from them. What can be said with confidence is that the surface phenomenon of slow upward information flow on difficult matters is real, is acknowledged by leadership, and is consistent with the testimony of

external stakeholders. The corrective interventions that follow address both diagnoses; the review considers the diagnostic question to matter less than the response.

The wider NHSBSA cultural infrastructure is well-established. The organisation has invested significantly in staff engagement, achieves strong external recognition through Best Companies and similar frameworks, has a Freedom to Speak Up champion at board level, and runs sustained internal communications around organisational values. None of this is in dispute. The generic cultural infrastructure has not yet been turned with sufficient force to the behaviours that matter for McCloud delivery, namely proactive escalation of delivery risk, surfacing of supplier issues, transparent reporting of slippage, and willingness to challenge unrealistic external commitments.

F2.2 Cross-functional working and silos

A consistent observation from both the external account and from the CEO and COO directly is that the Pensions function has historically operated as a self-contained unit, with insufficient integration with the rest of NHSBSA (DDAT, Operations, Finance, Commercial) and with DHSC. The phrase "what happens in Pensions stays in Pensions" captures both the strength of the function (deep technical expertise, strong internal cohesion, pride in independent problem-solving) and its weakness (slow to surface issues across the organisation, slow to involve cross-functional capability, slow to escalate). The 2023 Internal Audit Culture Review identified collaboration and cross-functional working as areas requiring attention. Senior leadership appointments and the relocation of significant pensions activity to Blackpool are partial responses, but the underlying silo pattern has not yet fully resolved. DHSC Programme Board interviewees describe a continuing imbalance between Project and Operations perspectives, particularly around delivery realism and operational impact. Cross-functional working at senior leadership level has improved through the new Internal McCloud Programme Board; the equivalent integration at working level is less complete.

F2.3 Trust, accountability and performance culture

Senior leaders describe an ongoing programme of organisational development centred on trust, drawing on the CEO's principle that performance can only travel at the pace of trust. Senior leaders identify productive handling of misalignment between teams, particularly Project and Operations, as a specific developmental need, and an emerging performance culture in which individual and team accountability is being strengthened. They note that the shift to greater personal accountability is not universally welcomed, particularly where staff are not accustomed to explaining their decisions to a wider audience. This is a constructive and self-aware account of work in train. The review also records the related external observation that accountability for documented decisions within NHSPS could be improved, a finding made independently by GIAA. Without disciplined recording of decisions and their rationale, accountability becomes a matter of personal recollection

rather than organisational record, and trust becomes harder to build because the basis on which decisions were made is not visible. The 2 issues are connected and the recommendations below address both.

F2.4 Leadership reflection and the trajectory of change

The review acknowledges the substantial investment NHSBSA has made in leadership development across its senior population, including the range of programmes and qualifications completed by current executive and senior leaders. This investment is a positive structural foundation. The review's leadership findings are not about whether senior leaders have undertaken development. They are findings about observable patterns of behaviour and decision-making, drawn from independent and consistent testimony across the Government Legal Department, the DHSC SRO, the Government Actuary's department, internal staff, contracted programme advisers and NHSBSA Board members, that have persisted over the period of the review. Behavioural change in leadership at this depth typically takes 12 to 24 months of sustained practice, modelled visibly, with mechanisms that make the new behaviour observable and accountable. Training completion is necessary but not sufficient. The review's recommendations are designed to provide the scaffolding within which the leadership development investment translates into observable behavioural change, and to make that translation measurable through the leading indicators framework at R2.11.

A formal organisational culture review is now under way, framed by leadership as a wider reset rather than a pensions-specific exercise. Internal auditors have independently observed a shift towards sharper, more pointed engagement on business and delivery, with more pushback than previously. These are encouraging signals. They are also recent. Senior Leaders acknowledge that improved transparency on McCloud programme issues requires further embedding of the new arrangements which have yet to be tested at scale. The review accordingly characterises culture change as in development but unproven and emphasises the importance of the structural disciplines in recommendations R2.1 to R2.7 in embedding it.

F2.5 Information flow to and from DHSC

A theme raised by both organisations has been the importance of maintaining a relationship characterised by mutual trust, openness and early engagement on matters of shared significance. At times, each organisation has expressed a desire for greater visibility of developments, emerging issues or stakeholder engagement that may have implications for the other. The relationship between NHSBSA and DHSC has materially improved during the period of the review.

NHSBSA would have preferred early sight of or input to departmental advice and external communications that directly affect or describe NHSBSA's position. NHSBSA reports that

departmental engagement with ministers on McCloud-related matters has sometimes been communicated to NHSBSA after the event rather than as part of a shared approach.

From NHSBSA to DHSC, the issue has been one of access during periods of consequential internal decision-making, as set out at F2.4. The exclusion of DHSC and the Department's assurance partner from NHSBSA's internal McCloud governance during the October 2024 to March 2025 replan period is the most concrete instance, but the broader pattern of self-contained internal working within the Pensions function recorded at F2.2 at times produced similar effects in less extreme form.

The review records both directions of issue as relationship-based rather than structural failures, and notes that the absence of reciprocal information flow has placed both organisations at an asymmetric disadvantage at different times. The recommendations at R2.4 (strengthen the reciprocal relationship with DHSC) and R2.8 (cross-functional working) address both directions of the issue.

Leadership and organisational culture recommendations

R2.1 Acknowledge that bad news travels slowly and address the technical over-delivery legacy

Senior NHSBSA leaders should make a sustained and visible acknowledgement, to staff, to the NHSBSA Board, to DHSC, and through internal communications, that bad news has historically travelled slowly within the organisation. In doing this, they should recognise and that the operational and delivery lens now being introduced represents a deliberate strategic shift that requires sustained reinforcement. The acknowledgement should be repeated, in different forums, over a sustained period of 12 to 18 months, not delivered once. This should not be framed as organisational failure or blame but as organisational maturation, from a primarily technical function to a high-volume operational delivery organisation, with the cultural shifts that transition requires. The acknowledgement matters because it gives staff explicit permission to escalate, names the legacy behaviour, and signals that operational throughput and delivery realism are now strategic priorities co-equal with technical excellence.

R2.2 Establish a "bad news first" discipline in all governance and leadership forums

A standing opening item should be introduced at all pensions related boards and committees covering: "What has gone wrong, what is at risk, and what are we worried about?", taken before any progress reporting. Chairs of these forums should make a visible practice of thanking the individual who raises an issue and recording the issue in minutes regardless of whether it is resolved in the meeting. This is a well-evidenced technique from high-reliability sectors (aviation, nuclear safety, NHS quality improvement) for normalising the surfacing of problems. The recommendation is consistent with both the

external diagnosis (creating safe occasions for escalation) and the internal diagnosis (counteracting the "fix it myself" instinct by making proactive escalation the expected behaviour at senior forums). Effectiveness should be reviewed quarterly through the indicators in R2.11.

R2.3 Pensions-specific cultural commitments, building on the wider NHSBSA cultural infrastructure

NHSBSA has well established organisational cultural infrastructure, including strong staff engagement evidenced through Best Companies and similar external recognition, a Freedom to Speak Up champion at board level, and sustained internal communications around organisational values. The review acknowledges this and does not recommend duplication. The specific gap is that this generic infrastructure has not yet shifted the behaviours that matter most for McCloud delivery. The review recommends that the CEO, COO and Pensions Director jointly and visibly own a clear expectation that, in McCloud delivery, delivery risk is escalated proactively, including to DHSC, supplier issues are surfaced early, slippage is reported transparently, and unrealistic external commitments are challenged rather than absorbed. The mechanism for embedding this (whether through a commitments document, briefings or other means) should be for leadership to determine, provided it is pursued through pensions-specific channels rather than generic organisation-wide communications.

R2.4 Strengthen the reciprocal relationship with DHSC

NHSBSA and DHSC senior leadership should establish a shared understanding of the reciprocal information expectations appropriate to an arm's length body carrying operational accountability for delivery of a major statutory programme. The DHSC SRO has indicated openness to a more reciprocal pattern and the review supports building on that openness.

While there is no expectation that either organisation should be involved in, or have advance sight of, all internal discussions, advice or decision-making processes of the other, there is value in ensuring that relevant issues are flagged early where they could impact delivery of the programme or wider partnership issues. Strengthening a culture of proactive engagement and mutual awareness would help support effective joint working, reduce the potential for misunderstandings and enable both organisations to respond constructively to issues as they arise.

Improvement should be sustained through the change in departmental sponsorship currently in transition, and progress should be discussed as a standing item in regular NHSBSA Senior Leader/SRO engagements.

R2.5 Confidential delivery-realism channel

A confidential route, hosted by the Freedom to Speak Up champion, internal auditors, or Human Resources (HR), should be established through which NHSBSA McCloud staff can flag issues they believe are being misrepresented in upward reporting, programme status assessments they consider unrealistic, or instances in which they have been discouraged from escalating. Reports should be aggregated quarterly to the ARC. The channel addresses both diagnoses. For staff who do feel reticent, it provides a safe route. For staff operating under the "fix it myself" instinct, it provides an explicit alternative to internal problem-solving that signals proactive escalation is welcomed. The volume of reports through this channel should be treated as a positive signal that the system is working, not a negative one, and this framing should be stated openly when the channel is launched. The channel is distinct from formal whistleblowing. It is a structured pressure release for delivery realism specifically and complements rather than replaces the existing Freedom to Speak Up arrangements.

R2.6 Strengthen the appraisal model to reward honest escalation and proactive surfacing of risk

Senior leaders should collaborate with HR colleagues to strengthen the appraisal model so that performance objectives, recognition schemes, line manager 1:1 frameworks and end-of-year ratings explicitly reward early and honest escalation of risk, proactive surfacing of issues across functional boundaries, and willingness to challenge unrealistic commitments, not only smooth delivery. Where an individual surfaces a major risk early and contributes to averting or mitigating it, this should be career positive. Conversely, end-of-year reviews should consider whether managers created or allowed conditions in which staff felt unable to raise concerns, or in which problems remained within a functional silo when they should have been escalated cross-functionally. This is the structural counterweight to both diagnoses. It makes proactive escalation career-positive for staff who would otherwise be reticent, and it makes cross-functional surfacing of issues career-positive for staff who would otherwise default to "fix it myself".

R2.7 Pre-mortems at key delivery gates

Before any major commitment to DHSC or to external stakeholders on dates, milestones or deliverables, a structured pre-mortem ("imagine this commitment fails, why?") should be run with deliberately mixed-level and cross-functional participation including operational staff closest to the work, DDAT, and Commercial. Risks raised should be documented along with the response taken. This builds the institutional habit of voicing risk without it feeling personally risky, creates an explicit decision point at which leadership can refuse to make a commitment the operational team believes is undeliverable, and serves the cross-functional integration aim by structurally requiring multiple functional perspectives at the same table before commitments are made.

R2.8 Cross-functional working: break the silos identified by the CEO and COO

The CEO and COO have identified cross-functional working, particularly between Pensions, DDAT, Operations and Finance, as a specific developmental priority. A designated programme of cross-functional team working at working level should be supported. Deliberate physical co-location of cross-functional teams rather than online-only working, particularly during periods of critical delivery should be facilitated. Rotation or secondment of staff across functional boundaries to build relationships and shared understanding should be encouraged. Explicit cross-functional ownership of key deliverables, rather than handoffs between functions should be built in. Cross-functional working should be one of the indicators reported in R2.11. This recommendation extends and reinforces the existing organisational development work the CEO and COO have already commissioned.

R2.9 Organisational development around trust and productive conflict

Organisational development work has already been commissioned and is centred on trust, drawing on the principle identified by the CEO that performance can only travel at the pace of trust. The review supports this and recommends 2 specific extensions in relation to the McCloud Programme. First, the organisational development work should explicitly address productive handling of misalignment and conflict between teams, particularly between project and operations perspectives where the review has observed tension in the testimony of multiple interviewees. The customer (the scheme member) should be the explicit reference point against which misalignments are resolved. Second, the organisational development work should explicitly encourage personal accountability. The shift to a stronger performance culture, with greater individual and team accountability for delivery, requires staff and managers to become comfortable explaining their decisions to a wider audience than has historically been expected. The CEO and COO have indicated awareness that this is not universally welcomed and that it requires careful change management. The review records this as a constructive and self-aware position and supports the work in train.

R2.10 Formalise decision-making and written records

Require all prioritisation decisions, resource allocation, and governance decisions to be formally recorded through a central McCloud decisions log with structured fields for action owners, next steps, and follow-up, addressing the weakness identified by GIAA. Publish resource allocation rationale using explicit criteria. This is the structural complement to R2.9 on trust. Trust between functions and between organisations is harder to build when the basis on which decisions were made is not visible in the record. The 2 recommendations should be implemented together.

R2.11 Measure cultural change with leading indicators

Define and report quarterly to the NHSBSA Board, ARC and DHSC on measurable leading indicators of cultural shift for the McCloud Programme. These should include:

- psychological safety pulse score ("is it safe to share bad news here?"), repeated every 90 days with results shared with staff, and disaggregated to test for the gap between NHSBSA-wide engagement scores and Pensions-specific psychological safety
- volume of issues proactively escalated to DHSC, compared with issues discovered by DHSC after the fact
- volume and pattern of submissions through the confidential channel in recommendation 5 under leadership and organisational culture
- indicators of cross-functional working under leadership and organisational culture recommendation 8 (cross-functional team formation, co-location patterns, secondments, joint ownership of deliverables)
- the DHSC SRO's qualitative assessment of transparency and of the reciprocal relationship under leadership and organisational culture recommendation 4
- reduction in governance forums discovering issues after the fact, cross-referenced to "bad news first" minutes in recommendation 2 under leadership and organisational culture

The first quarterly report should be produced within 4 months. The review records that the existing organisational culture review and the NHSBSA-wide cultural infrastructure (Best Companies, Freedom to Speak Up, organisational values communications) are welcome and substantial. The leading indicators above are what will demonstrate whether the pensions-specific shift is real.

R2.12 Sustained leadership development, staff wellbeing, DHSC transition and independent monitoring

Introduce development for senior leaders overseeing McCloud Programme focused on large-scale transformation, risk literacy, and reflective leadership, drawing on best practice from other large public-sector programmes. Commission a formal assessment of workload, morale, and burnout risk. Ensure delivery plans do not assume sustained overtime or role-stretching. Address role clarity. Complete within 12 weeks and report to the NHSBSA Board and DHSC.

The DHSC SRO's engagement should transition to a sustainable model supported by a strengthened team, with succession and resilience to avoid single-point-of-failure risk and

continuity of expertise maintained throughout. DHSC NHSBSA Sponsor should provide oversight of cultural and delivery change. This should be maintained for at least 12 months reflecting that cultural change at this depth typically takes 12 to 24 months of sustained leadership modelling. Quarterly updates should assess progress against the R2.11 indicators, the operation of the R2.2, R2.5 and R2.8 mechanisms, and the strengthening of the reciprocal relationship under R2.4.

3. Systemic

The programme is being delivered within a system already at significant capacity. Multiple programmes compete for finite resources. Legacy IT requires investment. There is a national SME shortage. Cross-government co-ordination on Remedy guidance has been inconsistent.

These challenges are not unique. The Auditor General for Scotland's Section 22 report and Scottish Parliament scrutiny in March 2026 revealed that SPPA missed its statutory deadline, set revised targets that were not met, and reported breaches of law. The Auditor General identified optimism bias and insufficient transparency. SPPA's CEO told Parliament that administrators across the UK underestimated the complexity, that platforms could not automate dual calculations, and that late UK government guidance was a material factor, stating it would have been impossible to deliver within the original timeframe.

While NHSBSA must be held to account, the systemic conditions, Remedy design, late guidance, and platform limitations are material contributing factors. The cumulative impact is greater in the NHS scheme due to its scale, calculation complexity, and employer base volatility.

Systemic findings

F3.1 Structural overstretch and competing priorities

The pensions service supports McCloud Remedy, BAU administration (including Awards, Redundancy Estimates and so on), Pensions Dashboard, upgrading the core pension administration system, and Transformation simultaneously with a finite specialist pool that is significantly below assessed need. Centralised planning is being established but is still maturing, with planning leads describing lack of clarity and frequent conflict. Planning remains challenging between McCloud and BAU.

BAU quality assurance has slowed as resource was reprioritised. Overpayments increased by approximately £10 million, linked to backlog recovery. Improving one area creates pressure elsewhere unless total capacity increases.

Headcount and the current reliance on human capital is identified by both NHSBSA Board leadership and internal audit as the single biggest constraint in the pension service. NHSBSA has produced an organisation-wide workforce plan and is currently ringfencing resourcing decisions to allow targeted recruitment. The review supports this prioritisation and notes that pensions administration is an SME-intensive environment in which workforce flexibility is structurally harder to achieve than in functions where skills are more

transferable. Capacity planning needs to recognise this, including in the design of any cross-organisational flexibility model.

F3.2 Integrated capacity, demand, and financial planning

A validated capacity and demand plan covering all pensions workstreams is under development but not finalised. A resourcing forum has been established. The Pensions Comprehensive Spending Framework agreed between DHSC and NHSBSA and the introduction of pensions-specific finance reporting have strengthened the financial planning architecture; these are very new and require embedding. Interest liabilities accrue for every month of delay. Without an agreed financial baseline fully integrated with delivery data, the system cannot yet reliably forecast timelines or resource needs.

F3.3 Automation and digital transformation

Automation is identified as a critical long-term solution. GIAA gave substantial assurance on transformation discovery planning. However, the Transformation Programme remains too tactical and under-resourced. Without transformation, the service will remain locked in manual processing and SME dependency indefinitely. Automation should be elevated as a strategic programme with dedicated investment.

In-flight automation work is now showing tangible progress. The RSS automation solution is in UAT and digital leadership reports high confidence in delivery. A successful demonstration of automated redundancy calculation has identified upstream data flow as the next priority: Electronic Staff Record (ESR) currently provides an annual update, creating a data gap when a member requests their pension, and a request has been made for monthly updates supported by automated data cleansing. The review supports the upgrade of the core pension administration system and a deliberate shift from automating individual calculations to automating the upstream data on which all calculations depend, the latter is where sustained downstream gains will come from. The systemic transition away from the current core platform should be planned on this basis and properly understood at board level.

F3.4 System-level co-ordination and learning

Dependencies across workstreams are not yet fully mapped or governed through a single forum. The SPPA evidence confirms the same systemic challenges across UK public schemes: late guidance, manual processes, third-party data delays, and platform limitations. No cross-scheme platform exists for shared learning or co-ordinated engagement with HM Treasury. There is a strong case for central departments making pensions policy (namely HM Treasury and the Department for Work and Pensions) to engage earlier and more substantively when designing policy affecting pension schemes.

Specific cross-scheme experience reinforces this point. Within the Police Pension Scheme, early action was taken on automation feasibility, with regional decisions to change administration provider in cases where it became clear the existing platform could not deliver the dual calculations Remedy required. Structured training was also undertaken at the start of the process by the National Police Chief's Council. The Police Pension Scheme also began work on data quality and completeness in 2020 (mirrored in another public service scheme), prioritised cases by member impact (with operational reordering when central guidance arrived later than planned), and ran a sustained member communications programme through monthly bulletins to administrators and a dedicated public-facing website carrying frequently asked questions, factsheets and explanatory animations.

Several of these approaches; early data work, structured supplier accountability, comprehensive member communications, pre-date the equivalent steps in the NHS scheme by a material period. These are precedents from which NHSBSA might have benefited. The review accordingly recommends the establishment of a Cross-Sector Public Service Pensions Chairs' Forum. Internal auditors independently observes that NHSBSA has not pursued connections and lessons from other schemes to the extent that would be expected of a system facing common challenges, which underlines the need for the proposed forum.

F3.5 Remedy programme plan dates

Foundational resource and demand uncertainties remain unresolved at DHSC McCloud Programme Board level. Historical forecast accuracy has been poor, with clearance shortfalls and rework from methodology changes.

Against this, there is concrete and informed NHSBSA Board-level confidence in the plan. The specialist pension Associate NxD reports confidence in delivery, draws an explicit contrast with the previous spreadsheet-based plan and characterises the current plan as operationalisable. He identifies a substantial buffer in Contract 4, notes the growing number of supplier engagement data points, and observes faster feedback loops when issues arise. The Business Case Addendum explicitly articulates the strategic and operational risks, legal challenge on calculation methodology, reputational risk from delays, insufficient resource and operational delivery risk, providing the framing within which board scrutiny now takes place. The review records this as a material change from the position observed earlier in 2025.

The review cannot provide full assurance that the current Remedy programme plan dates will be met. The programme plan is broadly credible as a framework but carries material risks including SME capacity, supplier performance, automation dependencies, data dependencies, and competing priorities.

Systemic recommendations

R3.1 Strengthen system-level planning

Develop an integrated framework providing visibility of capacity, demand, and interdependencies across all NHS Pensions workstreams. A shared evidence base should enable informed prioritisation.

R3.2: Re-baseline financial model

Undertake a full financial re-baseline with validation of cost and interest-liability assumptions. Integrate with delivery data. Review at every Programme Board meeting.

R3.3 Formal dependency and change-impact protocol

Develop a comprehensive dependency map across all pensions workstreams. Implement change-impact assessment before any change approval, building on the Portfolio Director's change control framework.

R3.4 Corporate performance dashboard

Implement quarterly dashboard reporting on capacity, financial exposure, supplier performance, and governance maturity. Review by the NHSBSA Board, DHSC, NHS Pension Board, and ARC.

R3.5 Elevate automation as a strategic priority

Treat automation and digital transformation as a strategic programme with dedicated investment, potentially from the pension levy. Engage external delivery partners to avoid overburdening SMEs. Appoint a relevant NHSBSA Board member as Board Champion for digital transformation.

R3.6 Post-review assurance transition

Agree successor arrangements before the review concludes. Adopt the gateway review schedule proposed by the DHSC SRO, targeting Amber in summer 2026 and Green 6 months later, with the scope and focus of these reviews agreed by the DHSC Programme Board. Complete the Portfolio Director's precursor steps before the next gateway review.

R3.7 Sustained DHSC oversight

Continue explicit departmental oversight of both the McCloud Programme and the NHS Pension Scheme more widely. Strengthen the DHSC team to enable transition from crisis-mode to sustainable strategic oversight, reducing single-individual reliance while maintaining continuity of expertise.

R3.8 Cross-government co-ordination

Establish a systematic approach to cross-scheme learning, supplier intelligence, and co-ordinated engagement with central government on Remedy policy. Central government departments, namely HM Treasury and the Department for Work and Pensions, should engage with pension schemes early when designing policy that will significantly affect them.

R3.9 Remedy programme plan dates

Subject dates to formal review at every Programme Board meeting and regular review through the gateway mechanism. If delivery projects further into contingency, early and transparent communication and visibility are essential to mitigate risk and keep members informed.

4. McCloud Remedy recovery project

The McCloud Remedy recovery project has been restructured into a programme with 6 underlying projects, detailed at table 1 below, more accurately reflecting its complexity and the governance required for delivery. This section examines 5 interrelated programme management disciplines:

- programme plan
- capacity plan
- financial cost model
- supplier strategy
- RAID management

Across all 5, the architecture and governance now in place represent significant progress relative to the original arrangements; gaps remain in:

- completeness
- alignment between artefacts
- the maturity of recently introduced processes

Table 1: project breakdown

Project reference	Project name
1	RSS Generation Project
2	RSS Enactment Project
3	Choice on Retirement Project
4	Choice on Bereavement Project
5	RPSS Project
6	Valuation Delivery Project (Complete)

4.1 Programme plan

The latest overall McCloud programme plan represents significant progress on structure, content, completeness and alignment relative to the original. It provides a credible plan of record for the full delivery lifecycle. A new governance process introduced in March 2026

supports weekly review and managed escalation. The plan remains a living document; the volume of in-flight change, gaps in coverage of certain member groups and training activity, and limited segregation of planning duties together carry residual risk.

Programme plan findings

F4.1.1 New governance process for the Programme Plan

A new governance process and Operating Model were introduced in March 2026, with plans reviewed weekly and risks or issues escalated to senior decision-making bodies. The framework is sound; close monitoring will be required as it embeds.

F4.1.2 High volume of approved and in-flight change

The McCloud Remedy Change Control Request Log records a high volume of approved and in-flight changes, with material implications for scope and delivery dynamics. Notable changes include a revised approach to supplier training, delays to the core pension administration system upgrade, revised RSS automation solution delivery dates, and the inclusion of multiple-complexity and deceased member cases that were previously omitted from the plan.

The process of capturing and recording information in the Change Control Request Log will require time to mature. Currently, the level of detail across respective entries is inconsistent, with impact assessments not currently included in the Log.

F4.1.3 Member groups outside the Programme Plan

Approximately 40,000 cases relating to multiple-complexity and deceased member groups have not been incorporated within the RSS Generation project plan. The omission affects the overall delivery timeline and creates further demand on the Capacity Plan, which has yet to be quantified.

F4.1.4 Training strategy not reflected in the Programme Plan

A revised “train-the-trainer” approach to supplier training has not been captured in the Programme Plan. Separately, the Operational Readiness team is conducting a training pilot intended to define training duration, sequencing and delivery assumptions; this activity is also not reflected in the Plan. Once incorporated, both will affect overall delivery timelines and resource alignment, and the pilot may surface assumptions that require revision.

F4.1.5 Group F resource not yet defined

The decision to manage approximately 100,000 Group F cases through internal resource rather than supplier resource has been captured at activity level, but no resource requirements have been defined, and no resources have been aligned. (See Appendix B for group breakdown.)

F4.1.6 Predecessor and successor logic incomplete

Not all tasks are linked through predecessor and successor relationships. Task changes therefore do not automatically recalculate downstream dates, reducing confidence in delivery forecasts. As an illustration, when training timelines under Workstream 1 are extended, downstream delivery dates remain unchanged.

F4.1.7 Insufficient segregation of planning duties

The same resource pool within the programme is responsible for creating the project and programme plans and for their subsequent oversight and update. While this supports pace and continuity, it limits independent review and challenge of the plan and may, as the programme progresses, reduce the effectiveness of governance oversight and the timely identification of risks or deviations.

Programme plan recommendations

R4.1.1 Monitor the new governance process

Closely monitor the governance process introduced in March 2026 over the coming months to confirm it is embedded across the programme team and remains fit for purpose, with adjustments managed in a controlled manner.

R4.1.2 Coaching and training support

Coaching and training should be offered to support new and existing team members whilst transitioning into new programme structure and associated way of working.

R4.1.3 Complete a detailed replan and re-baseline

Undertake a comprehensive replan ensuring that all identified gaps are addressed including those relating to the train-the-trainer approach, the additional member groups (multiple-complexity and deceased), the core pension administration system and RSS automation solution delays, and the training pilot. Impact-assess each change, agree and document tasks, owners and timelines across the Programme Plan, Capacity Plan and Financial Cost Model, then re-baseline.

R4.1.4 Complete predecessor and successor logic

Link all tasks through appropriate predecessor and successor relationships so the schedule is logic-driven and downstream dates update automatically when task durations change.

R4.1.5 Introduce segregation of duties for planning and control

The Programme Delivery Lead should retain responsibility for creating and updating the programme plan, with independent oversight introduced through periodic review and

challenge by an appropriate role outside McCloud (for example, a peer Project Manager). This will strengthen assurance without unnecessary process overhead.

4.2 Capacity plan

The McCloud Remedy Capacity Plan is underpinned by 3 component plans:

- Project and Supplier Capacity
- Frontline Capacity Plan
- Support Roles Capacity Plan (which includes training)

A consolidating Capacity Dashboard is under development to provide a single view for the Programme Board.

Significant resource gaps remain. The Programme has 67 FTE approved to recruit; this excludes a further 100 FTE identified for the in-source option to deliver Group F and 23 FTE required to deliver CoR. Resource demand for multiple-complexity and deceased member groups is not yet confirmed (see F4.1.3). There is also misalignment between the component Capacity Plans, the Programme Plan and the Financial Cost Model; reconciliation work is in train through the introduction of unique task references.

Capacity plan findings

F4.2.1 Capacity Plan governance still maturing

A governance process integrating the component plans has been defined, but the underlying plans are still being refined to establish a stable baseline, and the supporting governance procedures are not yet formally documented.

F4.2.2 No single accountable owner for the Capacity Plan

There is no single accountable owner for the end-to-end McCloud Remedy Capacity Plan with responsibility for validating, approving and managing it against the demands of the programme plan.

F4.2.3 Allocations to McCloud not verified against BAU demand

There is no mechanism to confirm that NHSBSA staff identified in the Support Roles Capacity Plan to deliver the programme have not also been allocated to BAU work, creating a risk that individuals will be unable to complete assigned programme tasks within required timelines.

F4.2.4 “Confirmed capacity” not always tied to a named resource

Multiple teams have provided “confirmed capacity” for roles in the Support Roles Capacity Plan, with confirmation given verbally or by email to the Operational Readiness Director. There is no review process or formal mechanism to populate confirmed capacity with named resources.

F4.2.5 Key person dependencies, particularly in training

Key person dependencies have been identified across the programme that could materially delay or block delivery if the individual is unavailable. The training team is 1 example: there is currently a single point of failure on the Lead Trainer role, with 2 further trainers shadowing for upskilling and a 9 to 12 month period required to remove the dependency.

F4.2.6 SME contention between McCloud and BAU constrains training

The progression of training activities is constrained by competing demand for the same SMEs from the wider service. This is impacting the rollout of training material to the suppliers required to process cases. (Related to F5.1.)

F4.2.7 Contract 2 resource redeployed

Contract 2, which provided 90 FTE of supplier resource, has been substantially redeployed with 20 FTE to Choice on Redundancy. A further 20 FTE have been identified for the Enactment Project from end-May, 10 FTE to the training pilot (both McCloud related activity), and 3 FTE who exited following contract signing delays. The remaining 37 FTE are processing residual Group A cases inherited from Contract 1. No cases under Contract 2 are being processed for their original purpose, which will affect the Programme’s delivery schedule.

F4.2.8 Frontline Capacity Plan does not extend to delivery completion

Resource demand on the Frontline Capacity Plan is not captured beyond March 2028. 75,064 cases remain outstanding for the Enactment Project and an estimated 53,224 case related calls for the RSS Generation Project, neither of which has an FTE requirement assigned beyond that date.

Capacity plan recommendations

R4.2.1 Document Capacity Plan governance

Develop and independently review the procedural governance documentation for the Capacity Plan; record any gaps for incorporation; communicate updates to all stakeholders.

R4.2.2 Appoint a single accountable owner

Appoint a single accountable owner for the end-to-end Capacity Plan, responsible for scrutinising and challenging the component plans and ensuring governance is followed.

R4.2.3 Centralised resource view across NHSBSA

Establish a centralised data platform capturing supply and demand for resources across all NHSBSA workstreams. Work led by the interim Head of Planning and Operational Readiness to map workstream demand should feed this view.

R4.2.4 Procedure for populating “confirmed capacity”

Establish and document a procedure that requires confirmed capacity to be populated against a named resource in the Support Roles Capacity Plan, completed at least 6 to 9 months ahead of the role commencing to allow time for recruitment if needed.

R4.2.5 Resolve key person dependencies

Identify all key person dependencies across the programme. Add the dependency and associated risk to the RAID log with mitigating actions tracked to resolution.

R4.2.6 Comprehensive SME assessment

Complete a service-wide assessment of SME resources with skill-set mapping. Identify Programme areas requiring SME augmentation. Where redeployment of the existing pool is not possible, prioritise upskilling and then recruitment.

R4.2.7 Document and impact-assess all contract changes

All contract modifications should be documented and approved through programme and commercial governance. The impact assessment of the Contract 2 resource reallocation should be completed as a priority.

R4.2.8 Extend the Frontline Capacity Plan to delivery completion

Update the Frontline Capacity Plan to reflect the staff required to complete the RSS Generation and Enactment projects beyond March 2028, so the resource requirement is properly factored into the Financial Cost Model. The Capacity Plan owner should be responsible for capturing this demand.

4.3 Financial cost model

The Financial Cost Model is well-structured, reflects the programme plan architecture, identifies internal and external resources and suppliers, and incorporates inflation and contingency. Improvements are required in governance and control of inputs, alignment with other programme artefacts, costing methodology, and the capture of actuals.

Financial cost model findings

F4.3.1 Governance of Cost Model inputs is informal

The Cost Model draws on multiple programme artefacts, but no single, consistently applied process governs how that information is updated, checked and approved. Updates can occur at different times without confirmation that the latest agreed data has been used, increasing the risk that the model does not reflect the most current agreed position.

F4.3.2 Inconsistent alignment with programme artefacts

Programme artefacts feeding the Cost Model do not fully align in terms of dates, durations or resource assumptions, producing missing costs in some periods and overstated costs in others, and reducing clarity and completeness.

F4.3.3 Costing methodology overstates short-duration effort

The current approach treats short-duration or part-time effort as if a full month of effort were required, inflating budgets.

F4.3.4 Resource added to the Cost Model not captured in the Frontline Capacity Plan

Resource demand is being added to the Cost Model that is not forecast in the underlying Frontline Capacity Plan. As an example, a 70 FTE assumption for the Enactment Project appears in the Cost Model but is not reflected in the Frontline Capacity Plan.

F4.3.5 Actual costs not captured

The artefacts populating the Cost Model do not reflect actual time spent.

Financial cost model recommendations

R4.3.1 Formal governance process for Cost Model inputs

Implement a formal governance process for managing Cost Model inputs, covering update cycles, ownership of data, version control and confirmation that information has been reviewed before use. This will strengthen accountability and ensure the model consistently reflects the agreed latest version of source documentation.

R4.3.2 Routine reconciliation of programme artefacts

Establish a routine to reconcile and align all programme artefacts feeding the Cost Model so that key dates, durations and resources are consistent. Every cost line should be traceable to a source artefact or decision and verified by the responsible owner when updated.

R4.3.3 Redefine the costing approach

Redefine the costing approach so staff costs reflect actual time required rather than defaulting to a full-month assumption.

R4.3.4 Cost Model to reflect underlying artefacts

No assumption of additional cost should be added to the Cost Model that is not captured in a source document. Capacity Plan owners should identify and capture resource demands.

R4.3.5 Assign a financial controller

Assign a dedicated financial controller to oversee Cost Model inputs, capture actuals, and provide regular reporting to the Programme Manager and Director.

4.4 Supplier strategy

The Supplier Strategy identifies the existing and new contracts required to secure additional capacity, how suppliers will be on-boarded, governed and exited, and the contribution of each supplier to the programme. Material risks remain in the operationalisation of recently let or in-flight contracts and in formalising arrangements with established suppliers. Detailed findings and recommendations have been communicated directly to the NHSBSA and DHSC.

4.5 RAID

RAID governance has been positively enhanced through the introduction in March 2026 of a weekly review cycle involving the Programme Manager, Project Managers, Project Planner and a dedicated RAID Manager. RAID items are identified and updated in Verto, with outcomes compiled into Project Status slides shared with respective Project Boards. Maturity is still developing. Detail is strong at project level, but escalation to programme level is limited; there is no central governance playbook; Verto requires manual workarounds; and the recent volume of change is placing pressure on the RAID log.

RAID findings

F4.5.1 RAID governance still embedding

The new weekly governance cycle is in place but, as expected with any new process, requires time to embed and to align all RAID items to the new approach. Some data quality issues remain, including impact dates and review dates that have already passed and require updating.

F4.5.2 Limited escalation from project to programme level

RAID items are now managed at project level with selected items flagged for programme oversight. Detail at project level is strong; only 3 issues and 5 assumptions are currently

flagged at programme level. There are no documented escalation criteria, which is producing this gap.

F4.5.3 No central project governance playbook

With multiple new governance and support processes implemented for the McCloud programme, there is no central playbook setting out key processes, change control, RAID management or ways of working. The information exists across various documents but not in a single, consistent reference.

F4.5.4 Verto requires manual workarounds

Verto has functionality gaps that have necessitated workarounds: there are no fields for impact description, impact date or quality criteria for assumptions and dependencies. The programme has compensated by using description fields and cross-referencing dependency IDs in the programme plan, but this introduces manual effort, inconsistency risk and data-quality issues. A Verto Product Owner has been onboarded and is supporting the programme.

F4.5.5 High volume of change increases RAID pressure

The Change Control Request Log has grown from 4 to 14 entries in a single week. The volume of change increases the likelihood of new delivery uncertainties, the reframing of existing RAID items, and potential misalignment between approved changes, the Programme Plan and other artefacts; it also increases the demand on RAID management.

RAID recommendations

R4.5.1 Strengthen oversight of the new RAID governance cycle

Closely monitor the new governance cycle over the coming months to identify and address any gaps. Conduct a focused review and update of all RAID items to provide a clean baseline against which the new process operates.

R4.5.2 Document and share RAID escalation criteria

Develop, formally agree, document and disseminate explicit escalation criteria for Risks, Assumptions, Issues and Dependencies. Clear thresholds will support consistent flagging to programme level, timely decision-making and stronger governance.

R4.5.3 Create a Centralised Project Governance Playbook

Produce a single, consistent reference covering project governance, change control, RAID management, escalation criteria and ways of working, accessible to the programme team and the wider organisation.

R4.5.4 Resolve Verto functionality gaps

Continue to work with the Verto Product Owner to document and address gaps in the tool, particularly the absence of fields for impact, impact date and quality criteria, to reduce manual effort and data-quality risks.

R4.5.5 Integrate change control with RAID management

Make a formal RAID impact assessment a mandatory part of the change control approval process. The assessment should identify whether a change introduces new risks, assumptions, issues or dependencies, or alters existing items, with ownership and mitigation documented at the point of approval and Verto and the programme plan updated accordingly.

5. Operating model

Significant portions of McCloud Remedy delivery rely on NHSBSA's BAU pension operations. McCloud has not had dedicated teams; it has drawn on the same workforce and SME pool as BAU, producing a continuous tension between the 2. By mid-2025, prioritisation of McCloud had increased average award processing time by approximately 8 days and built a backlog; the subsequent reprioritisation of resource back to BAU slowed McCloud outputs. This back-and-forth indicates a plan-as-you-go response rather than an Operating Model designed for concurrent delivery.

Significant progress has been made on operational planning, including a more data-driven approach, but maturity is not yet established. The newly appointed Director of NHS Pensions is implementing a new leadership structure to bring greater stability to service delivery. As part of that structure, an interim Head of Planning and Operational Readiness has developed a Pensions Priority List identifying over 80 separate workstreams, prioritised by service need and resource impact; the list is pending DHSC ratification. The list identifies a service-wide shortfall of 247 staff (of which 67 relate to McCloud), excluding 100 staff for Group F, 23 for CoR, and 170 to address gaps in the PCH (including future demand and anticipated attrition). 110 of the 247 hires have been approved to recruit, including the 67 required for McCloud.

Operating model findings

F5.1 BAU and McCloud share a single workforce, with consequences for both

The same SMEs and frontline staff are required for both BAU and McCloud. The current NHS redundancy exercises are likely to add further demand on the SME pool. When McCloud was prioritised, BAU service levels dropped and, for a period of months in 2025, new pensioners waited longer for first payments, which is not acceptable given BAU's fixed performance targets and statutory obligations. The line between McCloud and BAU work has at times been blurred, with staff reassigned at short notice. Initial McCloud handovers were rushed, with staff writing, delivering and working on new processes in the same week. The interim Head of Planning and Operational Readiness is now developing a service-wide view of capacity and a detailed analysis of SMEs.

F5.2 Insufficient SME capacity

Processing McCloud cases requires deep pension knowledge (combining legacy and new scheme rules, tax considerations and so on), typically requiring 5 to 7 years' experience. NHSBSA's pool of such expertise is limited — a constraint also evidenced across other scheme administrators. Earlier mitigations included hiring contractors and trainees, but training itself drew on the same SMEs, reducing case throughput. Increasing visibility of capacity and capability through the central planning function is encouraging.

F5.3 Centralised planning function still maturing

The central planning role is currently interim, without a dedicated budget or permanent team, and governance processes are still being defined. Robust governance and communication structures are required to ensure resource and training plans are visible, agreed, tracked and implemented as intended, with clear ownership and accountability.

F5.4 Workload estimation has historically been optimistic

Operating model assumptions for case processing time on third-party contracts are based on estimates. The original RSS handling time was estimated at 90 minutes; actual processing time was nearer 240 minutes.

Current estimates in the volumetric dashboard are based on prior experience and supplier processing times and may not be entirely accurate. As cases are processed, estimated timelines should be tracked and any discrepancies addressed both contractually and in the programme plan.

F5.5 No single operating picture

The combination of internal and contractor teams working on different parts of McCloud alongside BAU makes a single view of operational progress difficult. Dashboarding capability has progressed, both in data visualisation and in the supporting data maintenance process, but this is not yet mature.

F5.6 Recruitment constrained

Recruitment controls remain in place across NHSBSA, in line with wider efforts to ensure efficiency and value for money, with pensions partially exempt but still requiring COG approval for new hires. PCH staff are being seconded to other teams including complaints and manual calculation roles. Historically around 50 to 60% of successful candidates for manual calculation roles come from PCH, further depleting contact-centre resource.

F5.7 Manual processing has limited throughput

There are currently no NHSBSA staff processing McCloud RSS manual calculation cases. The 50 staff originally identified to deliver manual cases alongside staff from the Contract 1 supplier were repurposed to ensure that the supplier received sufficient cases to meet contracted requirements under Contract 1. Manual calculation, assignment and tracking is managed in Excel. By mid-2025, fewer than 1,400 RSS had been issued out of around 400,000 (current totals: around 20,600 RSS calculations completed including reworks, around 7,200 issued to members, see also Section 8). Calculation guidance documents have undergone 199 iterations as rules haven't been clarified through casework. The Enhanced Checklist Excel tool is a robust, complex, multi-tab macro-enabled spreadsheet that supports scenario forecasting and recovery planning. The intention for future contracts

is a modular train-the-trainer approach to reduce SME input; this approach is unproven and is being piloted under Contract 2 (see F6.3).

Operating model recommendations

R5.1 Stabilise the Operating Model by separating BAU and McCloud

Decouple McCloud Remedy from BAU operations as far as practicable. The target Operating Model should have dedicated teams for McCloud projects with minimal day-to-day impact on BAU teams. Ring-fence a proportion of staff and resource for McCloud, identify and assign a core group of SMEs whose primary role is McCloud case processing, and backfill their BAU roles. Future reassignments should be approved through the revised governance process so trade-offs are transparent. The Pensions Priority List is an important first step and should be ratified as soon as possible; SMEs should be added to it to provide a consolidated view of capacity and capability.

R5.2 Accelerate resource augmentation

Continue to use third-party specialists, ensuring additional resource is fully integrated, trained and subject to NHSBSA quality assurance. Once requirements are clear, contracts with existing and new suppliers can be confidently procured for both delivery and training capacity.

R5.3 Formalise the Head of Planning and Operational Readiness role

Formalise the role as a priority, with sufficient budget to build a team capable of delivering centralised planning across the service.

R5.4 Single dashboard covering BAU and McCloud

Continue to develop a unified dashboard showing both BAU and McCloud metrics together (cases processed per week, backlog volumes, staff hours and so on), so management can visualise the impact of resource moves in near-real time. BAU effort and McCloud outcomes are interdependent; a single view supports business cases for additional support and informs trade-offs.

R5.5 Extend dashboards to supplier activity

Extend operational dashboarding to cover third-party supplier progress so contracted activity (cases on hold at a supplier, processing issues) can be tracked alongside internal volumetrics.

R5.6 PCH recruitment analysis

Complete a comprehensive impact analysis of contact-centre resource needs as a priority, taking account of the historical draw on PCH from elsewhere in the service.

6. Operational readiness

Operational Readiness is a new function within the NHSPS at NHSBSA, established in February 2025 with the appointment of an Operational Readiness Director in Summer 2025. Until early 2025 Operational Readiness for new McCloud processes was not treated as a distinct function; changes were managed within project teams and handed to operations without a clear implementation plan. The function is still maturing its governance, ways of working and supporting documentation.

Operational readiness findings

F6.1 Governance and ways of working still maturing

Governance and procedures are being defined as new processes are created. Version control and document management logs are not consistently implemented across key programme artefacts.

F6.2 No dedicated change management framework

The Operational Readiness function does not have its own change management framework; the team currently uses the framework in place for the McCloud Programme.

F6.3 Training pilot approval outstanding; pilot is unproven

The new modular train-the-trainer approach, in which suppliers' trainers are trained by NHSBSA, then deliver to their own resource, is currently unproven, and approval for the pilot is outstanding. The Contact 2 supplier has received training for modules 1 and 2; the supplier has logged 25 gaps and issues, of which 7 remain unresolved after 4 weeks of workshops, and has expressed concern that the training material has not enabled administrators to process manual calculations. All suppliers will be required to complete baseline modules 1 to 6. Thirty NHSBSA staff were originally enrolled to complete modules 1 to 6, but the cohort has reduced to 12 working through module 4.

F6.4 Supplier training tasks not in the Plan

Neither the Support Roles Capacity Plan nor the programme plan captures the supplier-side tasks required for training rollout: creation of supplier training material, NHSBSA review of that material, and supplier trainers training their administrators. This will materially affect the time required for each module. There is a total of 22 modules.

F6.5 Module rollout plan to suppliers not yet documented

The mapping of which modules are required to release case volumes across Contracts 2, 3 and 4 is being assessed but is not yet captured in a training delivery plan. Until that plan is mature, modules cannot be assigned to suppliers to release cases for processing.

F6.6 Inconsistent terminology

Inconsistent terminology across documents has caused misunderstandings between teams, illustrated by a recent disconnect between Operational Readiness and the RSS Generation project team on which training approach was being developed for supplier enablement.

Operational readiness recommendations

R6.1 Complete and version-control procedure documents

Complete procedure documents for the processes and governance owned by Operational Readiness as a priority, so a process review and improvement cycle can begin. All documents should follow a standard procedure for version control and document management; this should be retrospectively applied for consistency.

R6.2 Implement an Operational Readiness change management framework

Establish the function's own change management framework, given its responsibility for supporting multiple workstreams across the service.

R6.3 Evaluate each training module before progressing

On completion of each module, evaluate effectiveness in releasing cases for processing and gather feedback from supplier and NHSBSA. Findings should be presented to the NHSBSA Programme Board for a go/no-go decision before the next module is rolled out.

R6.4 Operational Readiness impact assessment for RSS Generation

Complete an impact assessment as a priority to inform training and case processing timeline updates in the Support Roles Capacity Plan and programme plan.

R6.5 Prioritise SME support during pilot training

Allocation of SME resource to the supplier should be prioritised during pilot training.

R6.6 Document the training delivery plan

Map the required module delivery profile to unlock cases under each contract against available resource, with timelines aligned to procurement contract periods.

R6.7 Programme glossary

Create a glossary for the programme to ensure consistent terminology across all artefacts; review and update existing artefacts accordingly.

7. Digital and data

McCloud Remedy delivery has been constrained by significant Digital and Data limitations. The core pension administration system was not fully capable of performing the complex dual pension calculations required, at least within the original timeframe. This, together with a build-and-throw-away approach for non-core systems, has forced reliance on manual processing and external tools. Significant progress has been made on volumetric understanding through Power BI and operational dashboards, which now represents a notable strength. New initiatives on customer experience are also under way (web forms in place of email exchanges, consistent contact-centre and website content, member email and SMS in the enactment process).

Digital and data findings

F7.1 Volumetric capability

A comprehensive interactive dashboard has been developed which tracks each member's RSS production, cohort, complexities, and alignment to cohort/group/complexity processing. This is a significant development that supports forecasting, dispatch planning and resource indicators for enactment processing. It also supports the modular training approach by identifying which complexities sit with which suppliers. A volumetric dashboard is a valuable tool but not in itself a substitute for adequate planning.

F7.2 No governance framework for volumetric KPIs

While significant progress has been made on understanding member complexity and processing capability, no governance framework is in place to monitor deviations from forecast and actuals, and no process is defined for responding to or setting KPI targets.

F7.3 Core pension administration system upgrade delays

The underlying core pension administration system upgrade required for CoR and CoB has already been delayed several times and is now scheduled to go-live in July 2026. However, the short length of time planned between this go-live and the subsequent implementation dates of both CoR and CoB means these are at risk of further slippage. Given ongoing BAU operational activities and the need to fit in around these, future likely delivery dates are early 2027 or even later.

A Change Control Notice is in place for CoR; the same issue is likely to arise for CoB. Supplier resource availability has also been raised as a risk to CoR.

A change has been discussed to use the RSS automation solution for Enactment - a marked departure from the original scope in programme delivery.

F7.4 RSS automation solution

The RSS automation solution (semi-automated and fully automated) is currently scheduled for release on 11 May 2026, having been delayed from February 2026; current indications are that this date may slip. The plan retains some capacity to absorb slippage, but new dates have not been scheduled, so the impact is unclear. Larger delay risks the efficient use of resources allocated or recruited for enactment. The solution depends on SME availability for further requirements and UAT support. The number of users now anticipated is materially greater than originally planned, requiring enhanced performance and load testing; the outcome was unknown at review. Dispatch of automated RSS will require enactment resource in place beforehand to not impact BAU. This is manageable in volumetric terms but operationally demanding given the volumes and the absence of real-time return rates from differing cohorts.

F7.5 Manual data quality fixes are slowing delivery

Minor data quality issues have become major blockers because cases are placed on hold until data is resolved. As an example, around 4,000 RPSS cases were on hold awaiting Primary Care Support England updates of missing year-end data at the time of this review, presenting a risk to scheduled delivery.

F7.6 Automation: scope to extend

The DDAT team is exploring RPA to improve efficiencies in enactment and other manual processes. RPA has not previously been heavily used for McCloud. Roll-out is constrained by the need for prior software upgrades and by the complexity and variation of the processes. DDAT is reviewing how other public service pension schemes have used automation in McCloud delivery.

F7.7 Document production

A document production solution supports bulk RSS production via spreadsheet capture, significantly reducing manual processing time and freeing capacity from manual work; the RSS automation solution will dovetail with further use of the document production solution. RSS production has been modularised so a single document with all variants is signed off rather than separate templates per scenario, simplifying sign-off though some interactions between multiple complexities remain unresolved. Vendor management has been challenging, with repeated QA failings on template revisions. An Application Programming Interface with RSS automation solution integration was originally proposed; bulk spreadsheet interchange now appears more likely, reusing existing manual-processing collateral.

F7.8 Inconsistent development practice

There is no standardised development practice across NHSBSA. DDAT uses technical steering, the Technical Design Authority and Enterprise Architecture Boards, and tools such as Jira; this practice does not apply across all third-party developments. Upcoming workstreams will require new digital solutions, and it is unclear whether the necessary digital transformation has kept pace with McCloud needs.

Digital and data recommendations

R7.1 Mature the volumetric capability

Continue to enhance and mature the dashboard, incorporating timing and operational data. Forecasting capacity should always reflect real onboarded and ramped processing experience rather than an idealised assumption that capacity can be massively stepped up.

R7.2 Volumetric KPI governance

Establish, track and respond to permitted deviations from the volumetric forecast. Capture allowed tolerances in the dashboard, supported by a governance framework defining response actions for both negative and positive deviations.

R7.3 Supplier accountability timelines

Establish clear supplier accountability and delivery timelines for software enhancements through robust supplier management.

R7.4 Test digital solutions early to confirm timings and error rates

Until realistic timings are produced from new solutions (RSS automation solution, CoR implementation), forecasted timings cannot be held with high confidence. Early delivery and a robust method for refining plans as real-world performance emerges will allow assumptions to be proved or disproved.

R7.5 Integrate data sources

Implement data pipelines or, at a minimum, bulk extracts between systems — for example, regularly pulling data required for McCloud Remedy into a consolidated database or core pension administration system fields. Ensure document production supplier archives are digitised or indexed.

R7.6 Automate where practicable

Prioritise automation as the single most impactful lever for delivery speed and accuracy, balanced against the consistency of the underlying process. Where automation solutions can minimise SME dependency in the development cycle, they are less likely to encounter delays.

R7.7 Use volumetrics for scenario planning

As volumetrics mature, use them for scenario modelling to inform planning and project management, particularly dispatch planning. They are not a substitute for full plans but support a more responsive approach.

R7.8 Apply minimum viable scope to dependent changes

This is particularly relevant for CoR and CoB, which depend on external changes. If those dependencies slip, the temptation to expand scope must be resisted.

R7.9 Bulk data clean-up

Initiate a data quality project to identify and address common issues at scale across the McCloud affected member population (for example, inconsistencies between payroll/HR and core pensions administration system, or inferable missing flags). Engaging data analysts for a short project to deliver this would reduce both the number of manual fixes and time per case.

R7.10 Real-time monitoring of automated processes

Implement systems to monitor automated processes impacted by McCloud in real time: cases processed, errors encountered, throughput, to enable rapid identification of underperformance or malfunction and either remediation or fall-back.

8. Customer experience

The member experience of the McCloud Remedy in the NHSPS has been notably poor, principally because of delays and limited communication. Many affected members are retirees awaiting clarification of their benefits and have faced confusion and long waits. As of July 2025, tens of thousands of pensioners who had expected to hear about their pension choices by the original deadline had heard nothing definitive; only around 1,200 of the 30,000 initially targeted urgent cases had been processed. Currently around 20,600 RSS calculations have been completed (including reworks), with around 7,200 cases issued to members. Recent months have seen increased focus on the customer journey, with the Customer Experience team, DDAT and the Customer Satisfaction team (CSAT) working on related initiatives that will benefit from co-ordination.

Customer experience findings

F8.1 Limited and reactive customer communication

Direct engagement with members has been limited and largely reactive, owing to resource and cost constraints. An awareness campaign was delivered at the outset of the programme; since then, member contact beyond a small number of focus groups has been limited, with communications largely “piggy-backed” onto award letters. Levers such as nudge SMS or email reminders, or notices before a member’s 12-month choice window closes, have not been implemented because of data targeting issues, resource pressures and the fact that existing systems do not store SMS or email data in a way that supports legal disclosure.

A consistent “holding” message has been used across channels pending revised statutory dates but lacks substantive information and has caused member frustration. A “reheat” communications strategy has been prepared, but no further communication will be issued until revised statutory dates are released.

F8.2 Communication content has improved

Positive progress has been made on simplification of customer communications through plain language and design. The historical reliance on dense technical jargon has been challenged through half-day communications principles training (introducing readability tools, plain-language techniques and behavioural science), supported by qualitative research. SMEs and legal approvers have embraced the new principles. Legacy system limitations and ingrained habits continue to constrain pace of change.

F8.3 Communication approval process improving but vulnerable

Historically, the development and approval of communications was time-intensive and misaligned with operational work. Communications were often prepared late, once complex calculations or RSS processes had been signed off, meaning the Communications Team had to wait for final outputs rather than being engaged early. Recent improvements include a new RSS letter template approval process with clearer ownership, structured briefing and shared understanding sessions. RSS communications still require multiple stakeholder sign-off, which is challenging but currently manageable. The approach remains vulnerable to SME capacity constraints; Respective Choice for deceased members is particularly complex, requiring over 40 letter templates with significant process uncertainty.

F8.4 Customer Experience and PCH not consistently integrated into planning

The Customer Experience team has not been engaged in setting key milestones; the PCH was initially excluded from McCloud planning and communications, leaving capacity planning reactive.

Daily call volumes for McCloud are relatively low but require lengthier engagement due to case complexity; all PCH staff have now been trained on McCloud enquiries. As volumes grow with onboarded resource and process automation, scaling without formal co-ordination will be challenging. A request has been submitted for 170 additional PCH staff.

F8.5 Customer trust and confidence eroded by delays

NHSBSA failed to meet a committed date (5 July 2025) for part of the rollout, which has undermined trust among members and staff. The delay and subsequent silence have damaged confidence in the pensions service. Internal reluctance to communicate revised timelines until they can be delivered with high confidence is understandable, but the resulting lack of transparency itself further erodes confidence.

F8.6 Limited employer engagement

Proceeding without adequate employer engagement risks higher error rates, increased complaints and disruption to go-live activities, given existing process error rates and the planned changes to retirement processes.

F8.7 Inadequate McCloud-specific feedback metrics

There are no granular measures specific to McCloud member experience. CSAT data covers the whole pension service; a CSAT survey is sent monthly to around 20,000 service users with around a 10% response rate, but this is not McCloud-specific. The Customer Experience team has begun analysing CSAT responses and contact-centre data for trends and themes, though historically there has been limited accountability for

action on this data. Resource constraints prevent more proactive outreach or broader service changes based on feedback.

F8.8 Manual processes and limited self-service

Members lack online self-service options. Receipt of choices and updates to contact details remain largely paper-based, adding friction and reinforcing reliance on contact-centre and postal channels.

F8.9 Wider operational issues affect member experience

Many of the issues above are symptoms of deeper operational and cultural challenges. Communications must align with existing system triggers and data availability, making bespoke or timely messaging harder.

Customer experience recommendations

R8.1 Integrate Customer Experience into McCloud governance

Treat the Customer Experience team and frontline member services as core stakeholders. Engage Customer Experience representatives in all planning meetings, decision reviews and workshops, including the framing and presentation of any revised delivery dates.

R8.2 Communicate early, often and openly

Develop a robust communications strategy delivering regular, proactive updates to all affected members, not only targeted letters to small cohorts. Even where exact dates are uncertain, share what is known and the reasons for delay in plain terms. Resume the broad-scope engagement campaigns used earlier in the Programme. Use multiple channels (post, email, SMS where possible, website, webinars or town-hall Q&As) to replace the current information vacuum. Continue to enforce the plain-language and design principles introduced in training.

R8.3 Sustain and resource the communications process

Senior leaders should continue to oversee the communications process, supplemented by dedicated technical, data and customer communication support, to sustain recent improvements in approval controls, reduce dependence on scarce specialists and build resilience.

R8.4 Strengthen resource planning for member contact channels

Provide PCH with advance notice of changes in McCloud delivery parameters so staffing and training demands can be managed. Including customer experience and customer-facing operations as part of the core McCloud team will help ensure decisions are made

with the end user in mind and break down silos between communications, operations and policy design.

R8.5 Tailor and expand member communications

Introduce more granular, personalised messaging through member segmentation: retirees versus active members, those with imminent choices versus those waiting longer.

Reinstate broader awareness initiatives drawing on the successful approach used for past pension contribution changes. Consider newsletters, informational videos and public FAQs.

R8.6 Enhanced employer engagement

Conduct a thorough consultation with employers, analyse current pain points and identify both immediate and longer-term improvements, including targeted training and communications.

R8.7 McCloud-specific feedback and satisfaction tracking

Implement mechanisms to measure McCloud-specific customer experience: short surveys after key interactions (RSS receipt, helpline contact) on clarity and satisfaction; tracking of call volumes, complaints and common enquiry topics; and a dashboard of customer experience indicators reviewed in McCloud governance forums. Share aggregate data with the Programme Board to integrate customer experience into performance management.

R8.8 Better self-service and online options

Launch a McCloud Remedy Support Page, kept current with explanatory videos and FAQs. If a full self-service choice submission portal is not feasible during McCloud, consider interim digital options such as an online callback request or contact-detail update form. Over the longer term, investment in member portals and interactive web tools is essential.

R8.9 Carry McCloud lessons into future delivery

Develop a business case for technology and process investments prioritising customer experience: modernising core systems for communication flexibility, automating routine member updates and enabling online self-service. Establish an overarching business change methodology that embeds customer experience into project initiation: communications planning, user experience design, stakeholder mapping. Engage member representatives or user focus groups on a regular rather than one-off basis.

9. Change management

The McCloud Remedy is acknowledged as a large-scale, complex, multi-year programme spanning over 9 years from inception to its predicted close in 2030. Effective management of people, processes and technology is required to deliver against the dates contained in the programme plan. The NHSBSA leadership team has taken steps to strengthen change management capability through programme structure, change control, milestone classification and a dedicated change management role; gaps remain in the definition and management of the wider stakeholder map.

Change management findings

F9.1 Programme structure

NHSBSA leadership has restructured McCloud into a formal programme with constituent projects, each managing its own deliverables and outcomes. This provides greater change management control and clearer roles aligned to project objectives.

F9.2 Change control

A structured Change Control Process has been implemented to manage change affecting time, cost or quality. The high volume of recent changes recorded confirms the importance of embedding mature change processes across a complex programme.

F9.3 Milestone classification

Programme plan milestones have been classified into levels 1 to 3, clarifying which change control process applies if a baselined date is impacted.

F9.4 Updated governance and clearer roles, but no consolidated stakeholder map

The new programme structure supports more controlled and structured communication flows across NHSBSA, DHSC and wider audiences, and the recently refreshed organisational structure clarifies which named individuals fill which roles. No single consolidated stakeholder map has been derived from the new structure to ensure key stakeholders or groups are identified and actively managed.

F9.5 Dedicated change manager appointed

NHSBSA has appointed a role explicitly responsible for change management oversight. This role tracks the people, process, technology and stakeholder dimensions of McCloud and adjusts plans as required.

Change management recommendations

R9.1 Active stakeholder management

Develop stakeholder maps to ensure all parties (DHSC, HM Treasury, Pension Board, staff, unions and others) receive an appropriate level of detail. Where further delay is likely, however minor, inform DHSC early with explanation and mitigation. Treat stakeholder engagement as an ongoing change management thread rather than a one-time activity.

R9.2 Promote a culture of open communication

Encourage staff at all levels to raise concerns or suggest improvements; instances where staff flag issues early should be welcomed. Where frontline staff identify a problem with a new process they should have effective channels to escalate immediately with evidence, and leadership should respond with clear direction.

R9.3 Support staff through change

Provide outlets for staff feedback. Hold regular town-halls where leadership update on progress and recognise effort. Ensure major changes such as new tools come with adequate training and a transition period. The workforce should feel equipped, not imposed upon.

R9.4 Manage organisational change holistically

If further reorganisation or new roles are needed, build in sufficient lead time. The rationale should be clearly communicated, with time for questions and support through transition. Structure should follow strategy: align the organisation chart with the new governance and processes.

R9.5 Document and learn from change

Document the McCloud journey and capture lessons learned to inform future large programmes. McCloud has stress-tested NHSBSA's change capacity; institutional learning is part of developing change management maturity in the long run.

Appendix A: background

The NHS McCloud Programme

The NHS McCloud Programme originally comprised 3 projects (Remedy, Reform and Engagement), with a fourth (Compensation) added in May 2023. The 4 projects are:

- NHS Pensions McCloud Remedy Project, to rectify any discrimination suffered by members through the application of transitional protection
- NHS Pensions McCloud Reform Project, to ensure the NHS Pension Scheme is fit for purpose beyond 2022
- NHS Pensions McCloud Engagement Project, to ensure timely, accurate and effective engagement with all stakeholders throughout the implementation of all NHS Pensions McCloud projects
- NHS Pensions McCloud Compensation Scheme Project, to ensure compensation is provided for financial losses incurred by members adversely affected by the discrimination identified in the 2015 reforms

Of the 4 projects, Reform and Compensation are now entering final completion and close-down. This review concerns the delivery of the Remedy and Engagement projects.

The McCloud Judgment

The McCloud Judgment arose from a 2018 Court of Appeal ruling in the joint cases of Lord Chancellor and another v McCloud and others and Secretary of State for the Home Department and others v Sargeant and others. The challenge related to transitional protection implemented across all public service pension schemes when those schemes were reformed in 2015.

Transitional protection had been intended to shield members closest to retirement from the impact of the 2015 reforms by allowing them to remain in their legacy schemes rather than moving immediately into the reformed schemes. Typically, those within approximately 10 years of their Normal Pension Age on 31 March 2012 were fully protected and would not transition to the reformed schemes. Tapered protection was provided for those slightly further away from Normal Pension Age, allowing them to keep legacy benefits longer than younger members.

In December 2018, the Court of Appeal ruled that the difference in treatment provided by transitional protection was not objectively justified and constituted unlawful age discrimination. The Supreme Court subsequently denied the government leave to appeal,

and the government announced that all public service pension schemes would need to rectify any discrimination suffered by their members.

The government identified 2 considerations to address the implications of the judgment. First, the discrimination suffered by members through the application of transitional protection must be addressed. Second, public service pension schemes must ensure their long-term sustainability, in line with the original findings of the 2011 Independent Public Service Pensions Commission led by Lord Hutton.

Government response and policy design

HM Treasury released a consultation in October 2020 setting out 2 options to rectify the unlawful age discrimination. The government's overarching position was that the discrimination should be addressed through legislative changes implemented from 1 April 2022. The consultation rejected the option of simply moving all members in scope back into the legacy schemes on the basis that many members were likely to be better off in the reformed schemes. Instead, eligible members would be given a choice of legacy or reformed pension benefits for service during the remedy period from 1 April 2015 to 31 March 2022.

The 2 options put forward differed by the point at which a member would make their decision:

1. to allow members an immediate choice as to the scheme from which they accrued remedy benefits.
2. to allow members a deferred choice underpin (DCU), under which the decision would be made at the point of retirement.

HM Treasury received 3,144 responses, expressing a broad range of views from individual members, trade unions and other representative bodies, employers, administrators and other organisations. The majority of respondents supported DCU, primarily because it offered members greater certainty on their benefit entitlements at the point at which they make a retirement decision. Respondents expressed concerns about the immediate choice option, on the grounds that it would require members to base decisions on assumptions about future earnings, career paths, family circumstances and expected retirement age, placing too much risk on members and potentially leading to further discrimination.

The government announced in February 2021 that it would proceed with DCU. Members would make their decision between scheme benefits shortly before benefits were paid from the scheme, at the point at which a member chooses to retire. Until that point, members would be deemed to have accrued benefits in their legacy schemes for the remedy period

rather than the reformed schemes. The government originally stated that DCU, now known as CoR, would be legislated for and delivered from October 2023.

All individuals who were members or were eligible to be members of a legacy scheme immediately prior to 1 April 2012 and had a period of service after 31 March 2015 (during which they were members of a legacy or reformed scheme) are entitled to a choice, where those periods of service are continuous (including those with a qualifying break in service of less than 5 years).

Members who retired before the legislative changes required to support CoR came into effect are known as immediate detriment or retrospective choice members. These members are to be offered their choice as soon as practicable after necessary legislative and process changes are made, with benefits applied retrospectively from the date of the initial award and interest paid where appropriate.

All eligible members will ultimately be able to choose to receive benefits from the relevant legacy scheme or the relevant reformed scheme for any period of remediable service between 1 April 2015 and 31 March 2022. There is no entitlement to mix benefits between schemes, and no provision for a tapered system, on the basis that an age-based system of tapered protection would perpetuate or extend the discrimination identified by the courts.

Scale of the NHS Pension Scheme Delivery

The NHSBSA administers the NHS Pension Scheme on behalf of the Secretary of State for Health and Social Care who is the designated Scheme Manager. As the largest public service pension scheme, the NHS Pension Scheme has approximately 1.1 million members affected by the McCloud Judgment, of whom around 1.05 million require remedy treatment.

The member population requiring action includes:

- Approximately 427,000 members who have retired since the start of the remedy period require a retrospective choice with arrears, where applicable. Interest, currently estimated at £1 million to £2 million per month, is payable to those members who make a revised choice. Around 49,000 of these members are deemed to be in detriment, on the basis that they are currently receiving 2015 Scheme benefits for some or all of the remedy period as a consequence of having no, or partial, transitional protection and are likely to choose alternative scheme benefits.
- Approximately 142,000 high-earning members who require statements to enable them to correct their pension tax position for the years affected by the judgment.

The original Programme Business Case assumed that 320,000 members would require retrospective choice statements, of which 224,000 would be automatically processed within the existing IT system and 96,000 would be processed manually. NHSBSA's initial assumption of 90 minutes per manual calculation was based on standard pension scheme calculations and predated operational experience of the complexity involved in producing McCloud statements; actual processing times have proved materially higher.

Of the 427,000 members currently eligible for retrospective Choice, the NHS Pension Scheme expects approximately 88,000 will require alternative benefit enactment activity to amend their benefit payments, with approximately 339,000 retaining their existing benefits. Members who received tapered protection must make a McCloud Choice, as they cannot remain on their existing benefits.

The NHS Pensions service supports a wide range of calculations and administrative tasks. Total task volumes have grown from 1,087,233 in 2023 to 1,805,326 in 2025.

The complexity of implementation

Early plans assumed that existing NHSBSA processes could absorb the additional work. The complexity of dual-pension calculations and the associated data requirements have proved far greater than anticipated. The NHS Pension Scheme's core pension administration system was not designed to perform the retrospective calculations the McCloud Remedy requires. This has forced reliance on manual processing by contractors and has produced a growing backlog.

NHSBSA's understanding of the level of complexity in member cases has matured as operational experience of producing manual calculations and statements has grown. The work has revealed the need for significant additional capacity to ensure that all members receive statements reflecting their individual complexity. There are currently 23 main variants of the core RSS, each of which requires the underlying processes and complexities to be fully understood, mapped and shared with suppliers so that administrators can be trained to deliver each sub-cohort. The development of appropriate delivery solutions for these variants has taken substantially longer than originally anticipated.

The statutory and policy framework

NHSBSA's ability to commission system changes, train staff and brief suppliers depends on directions and guidance issued by HM Treasury and secondary legislation issued by DHSC. The relevant policy and statutory milestones are:

- Public Service Pensions and Judicial Offices Act 2022 (the '2022 Act'), which received Royal Assent on 10 March 2022 and set a deadline of 1 April 2025 for the delivery of

RSSs to affected members, or a later deadline if the Scheme Manager considers reasonable in all the circumstances of a member or a class of members

- Provision Definition Documents (PDDs), with an initial HMT deadline of June 2021 but with effective delivery from April 2022.
- Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022, which came into force on 19 December 2022, providing initial clarity on McCloud enactment.
- The NHS Pension Schemes (Remediable Service) Regulations 2023, which came into force on 1 October 2023, applying the structure of the remedy set out in the 2022 Act to the NHS Pension Scheme, and further clarifying a number of McCloud deliverables for NHSBSA,
- Public Service Pensions (Exercise of Powers, Compensation and Information) (Amendment) Directions 2024, which came into force on 21 March 2024, covering the application of interest rates to corrective payments and pension transfers.
- HMRC tax guidance on interest payments and top-up lump sums, completed in April 2024.

Cross-government timeline issues and their impact

Several aspects of the cross-government timeline materially affected NHSBSA's ability to plan and deliver:

- HM Treasury's initial requirements were only partially issued in August 2022. These requirements continued to be periodically supplemented as HMT and the pension schemes developed a fuller understanding of the impact of McCloud, with some clarifications outstanding until December 2024.
- The requirements were issued as 23 separate Provision Definition Documents, totalling over 500 pages of detailed business requirements that needed to be analysed, impact-assessed and interpreted into process or system specifications.
- Following review across public service schemes and significant feedback to HMT, HMT did not re-issue wholesale updated documentation. Instead, changes were communicated through piecemeal email briefings, rather than through a single consolidated set of requirements.
- The ongoing definition of cross-government policy meant that final policy clarification was only delivered via a set of draft HMT Directions in October 2024, which were

finalised in December 2024. As a result, NHSBSA was unable to provide finalised requirements to its suppliers until December 2024, causing significant delays and reworking of requirements drafting.

These impacts were felt more acutely by larger and more complex schemes such as the NHS Pension Scheme. Compounding factors included the challenges of recruiting additional in-house resources to meet increased demand for experienced pension administrators, and competition with other public sector bodies for external service provider capacity.

The cumulative cost of cross-government timing on the programme is significant. Any member who makes a revised retrospective choice is eligible for 8% per annum interest on any increased pension payments owed. The Government Actuary's Department has estimated that the interest payments applicable to the total cohort of members likely to be better off by making a revised choice are between £1 million and £2 million per month.

The programme business case and its addenda

The DHSC Investment Committee approved the Programme Business Case (PBC) for the NHS McCloud Programme on 1 September 2021. The PBC set 6 objectives:

- to rectify any discrimination suffered by members through the application of transitional protection
- to provide all eligible members of the NHS Pension Scheme with a choice as to the scheme from which they accrued benefits during the remedy period (2015 to 2022)
- to ensure that the NHS Pension Scheme remains fit for purpose to support the NHS workforce, including through enhancements safeguarding its affordability and unification from 2022 onwards
- to ensure equitable treatment of all members of the NHS Pension Scheme
- to ensure that the delivery of all McCloud remedial and reform actions proposed for the NHS Pension Scheme were aligned to the cross-government McCloud portfolio objectives
- to enhance and modernise engagement with all scheme members and employers through the implementation of new and enhanced digital communication channels

The economic case identified a shortlisted option of "Do Minimum, Statutory Compliance". Approval was given on the basis that 2 further addenda would follow, addressing the

outstanding need for clarity on Reform delivery costs and on Remedy delivery costs respectively.

PBC addendum 1 (Reform), approved November 2021. Confirmed the programme's affordability following the refinement of the Reform project and provided a more informed estimate of pensions administration software costs. The cost assumption at that time was that the majority of calculations, if not all, would be undertaken and enacted within the pensions administration system.

PBC addendum 2 (Remedy), approved January 2024. Addressed a revised commencement date of April 2024 for retrospective choice case processing, the introduction of the McCloud Compensation Scheme (the software and administration costs of which could not yet be forecast), an amendment to the 2015 Scheme revaluation date, and an unplanned scope increase to encompass the implementation of a new approach to flexible retirement aimed at improving NHS workforce retention. The addendum also approved contracts for the reassessment of ill-health retirement cases and for specialist programme management and communication services.

At the point of approval of the Remedy Addendum, the Investment Committee confirmed that a further (third) addendum would be required. Outstanding clarifications included delivery costs for the Compensation Scheme and the finalisation of system development costs from core pensions administration system supplier for elements of the Remedy delivery, which were still at forecast level only at that time. Subsequent events in August 2024 (see below) required additional changes to the supply chain that further increased the scope of the third addendum.

The August 2024 strategic pivot

The original PBC intent was for incumbent suppliers to deliver all of the required system changes and support functions for the McCloud Programme. In August 2024 the DHSC McCloud Programme Board was informed that the core pension administration system supplier did not have the capacity to deliver all of the outstanding McCloud Remedy activities within a timeline that was deemed acceptable.

A subsequent Options and Impact Assessment identified that certain deliverables (CoR, RPSS system calculations, Total Reward Statements (TRS), Active and Deferred RSS production, and the McCloud Valuation extract changes) would not be suitable for delivery by anyone other than the incumbent system supplier. This conclusion reflected the ongoing future needs of the system changes that would be required.

The delivery of Retrospective Choice (for members who had already retired) was, however, considered viable for delivery by an alternative supplier, on the basis that it was a once-and-done activity. Following approval by the McCloud Programme Board, NHSBSA

approached a digital automation supplier. The Programme Board approved NHSBSA to progress development of an automated Retrospective Choice systems that the core pensions administration supplier could not deliver.

Given the timeline that would be needed for system development, the DHSC Programme Board also approved NHSBSA to contract for administrative support for manual calculations to be performed for members, prior to the RSS automation solution being in place.

Working jointly, the NHSBSA Project Team and the DHSC Policy Team identified, from the overall population requiring a Retrospective Choice, a priority group of members considered to be those most detrimented by McCloud. It was these members, whose output would be calculated manually, who were included in the contract put in place for Priority Retrospective Choice.

The third addendum

The third addendum to the PBC reflects 2 related drivers of change.

First, the unavailability of the strategic software supplier. When NHSBSA was originally commissioned to deliver the McCloud Remedy Project, the assumption was that the strategic software supplier to the NHS Pensions Service would support the development of the additional system functionality required to generate RSS. This assumption was disproved when, in summer 2024, the supplier confirmed to NHSBSA that it could not support the request. NHSBSA was required to explore alternative methods to enable member remediation, including the engagement of a supplier to provide an alternative automation service. A higher proportion of manual calculations also became necessary, requiring NHSBSA to engage additional suppliers for human capital while further technology options were explored. This driver, together with the additional internal capacity needed to manage McCloud delivery alongside the NHS Pension Scheme's growth in demand for BAU services and modernisation activities has materially changed the programme's scope and delivery model. Secondly, the NHSBSA's pivot to a new supply chain also required a significant increase in the internal McCloud operational resource to support the supplier enablement capability. Cost-effective opportunities to enhance internal resource for McCloud have been identified.

The statutory deadline and commissioning of the review

The original timeline proposed was for all affected members to receive their Remediable Service Statements by 31 March 2025. The late confirmation of requirements and initial implementation experience showed that operational capacity had been underestimated and a number of key milestones were missed. An interim step, the rollback of all affected

members into legacy schemes, was achieved by October 2023. By mid-2025, approximately 1,200 of 30,000 priority cases had been processed, representing approximately 4% of the detrimented cohort.

On 31 March 2025, DHSC formally extended the statutory deadlines based on a revised delivery plan put forward by NHSBSA. Subsequent events showed that operational capacity had been significantly underestimated within that revised plan, prompting ministerial intervention and the commissioning of this review.

Following the missed deadlines, the Minister of State for Health, Karin Smyth, commissioned this independent review to restore confidence in delivery. The review is led by Lisa Tennant, Chair of the NHS Pension Board. The Review Team was tasked in July 2025 to assure the revised project plan, ahead of a ministerial update in September 2025.

Appendix B: McCloud Remedy group overview

Group	Case type	Cohorts in scope	Contract
Group A (Lower Complexity Manual)	Low Complexity	Cohorts 1 to 4	Contract 1
Group B (Lower Complexity Semi-automated)	Low Complexity	Cohorts 1 to 4	Contract 2
Group C (Complex Semi-automated)	Complex	Cohorts 1 to 4	Contract 3
Group D (Practitioner)	Practitioner Specialist	Cohorts 1 to 4	Contract 4
Group E (Automated)	No Detriment Cases	Cohort 5 to 6	RSS automated solution
Group F (Semi-automated)	No Detriment Cases	Cohort 5 to 6	Insource option
Group G (Practitioner)	Practitioner Specialist	Cohort 5 to 6	Contract 4
Group H (Automated)	Potential Detriment Cases	Cohort 5 to 6	RSS automated solution
Group I (Semi-automated)	Potential Detriment Cases	Cohort 5 to 6	Contract 2
Group J (Semi-automated)	Potential Detriment Cases	Cohort 5 to 6	Contract 3

Appendix C: terms of reference

Delivering the McCloud Remedy for the NHS in England and Wales

The NHS Pension Scheme is one of the largest in the country. Reforms to public service pension schemes enacted by the coalition government in 2015 took steps that were found to be age discriminatory by the courts (the “McCloud judgment”). The previous government legislated the actions that those schemes must take to remedy the discrimination.

1. The NHS Business Services Authority (BSA) administers the NHS Pension Scheme on behalf of the Secretary of State for Health and Social Care. The BSA are tasked with implementing the McCloud remedy for around 1.1 million affected NHS Pension Scheme members. The core element of the remedy is providing a choice of pension benefits for the 7-year period during which the discriminatory treatment occurred. This exercise is complex and bound by statutory deadlines by which members should receive a statement inviting them to make their choice.
2. In many cases the choice will demonstrate that the most valuable version of pension benefits is already in payment. However, depending on personal circumstances, the choice may offer material improvements in their finances. There is therefore an imperative to offer and action these choices at the earliest possible opportunity.
3. The scale and complexity of re-setting accrued pension rights is unprecedented. In common with other public service pension schemes, the deadlines for delivering statements were extended on 31 March 2025 to allow more time. Those extended deadlines were informed by a delivery plan put forward by BSA. However, as statements have been produced, it has become clear that the operational capacity of the BSA and its outsource delivery partners to implement the plan was significantly underestimated. As a result, the Minister of State for Health confirmed in a written ministerial statement to Parliament on 1 July 2025 that a number of those deadlines will now not be met.
4. The minister intends to set new deadlines once a revised delivery plan has been agreed with BSA. To inform scrutiny and confidence in this new plan, the minister has asked Lisa Tennant, as the independent chair of the NHS Pension Scheme Board to lead an independent review of BSA’s capacity, capability and delivery plans for McCloud remedy activities. The NHS Pension Scheme is a key part of the reward package for NHS staff who should expect an excellent service.
5. The review will focus on assessing the BSA in their ability to deliver the McCloud remedy commitments. In doing so, the review will develop and report the following activities over 2 phases:

- Phase 1: a high-level, initial assessment of the suitability of the BSA's delivery plans for the McCloud remedy project and the organisation's capacity and capability to deliver these.
 - Phase 2: the assurance of the remedy delivery plan and development of recommendations to enable its execution, grounded in well-evidenced resourcing and cost models and an assessment of delivery performance to date. Areas of focus will include digital transformation capability, data, governance and resourcing. The review may provide recommendations to strengthen the long-term governance model of the McCloud Remedy, enabling agile, transparent, and future-ready oversight.
6. The review will take a systematic approach, aligned to the themes of governance, operating model, data and digital, customer experience, and change management. Particular consideration will be given to differential impacts on groups of members at greater risk of financial detriment and the plans in place to manage these risks.
 7. An initial, high-level assessment, will be provided to the Minister of State for Secondary Care by 22 July 2025. Phase 2 will involve the development of a detailed written report that will be delivered to the department by 16 September. The minister may, in light the review's conclusions, consider whether a further phase of work is required, looking more broadly at the capability and future needs of the NHS Pensions Service.
 8. The review will focus on BSA delivery but will reflect on interdependencies with employers, regulators, unions, and policymakers across the wider NHS pensions delivery ecosystem and will draw lessons from the implementation of the McCloud Remedy in other public sector pension schemes.
 9. The review will be supported by officials from the NHS Pensions Policy Team at the Department of Health and Social Care and by external specialists as required.

Appendix D: glossary

Acronym	Glossary
ARC	Audit and Risk Management Committee
BAU	Business-as-usual
BSA	Business Service Authority
CEO	Chief executive officer
CLT	Chief Leadership Team
CoB	Choice on Bereavement
COG	Chief officers group
COO	Chief operating officer
CoR	Choice on Retirement
CSAT	Customer Satisfaction
DCU	Deferred Choice Underpin
DDAT	Digital, Data and Technology
DHSC	Department of Health and Social Care
ESR	Electronic staff record
FTE	Full time equivalent
GIAA	Government Internal Audit Agency
HR	Human Resources
KPI	Key performance indicator
NHS	National Health Service
NHSBSA	NHS Business Service Authority
NHSPS	NHS Pension Service
NXD	Non-executive director
PBC	Programme business case
PCH	Pensions Customer Hub
PMO	Project Management Office
QA	Quality assurance
RPA	Robotic process automation
RPSS	Remedial Pensions Saving Statement
RSS	Remedial Service Statements
SME	Subject matter expert (see note below)
SPPA	Scottish Public Pensions Agency
SRO	Senior responsible owner

UAT User acceptance testing

Note: SME refers to common dependencies on all types of expert enabling staff: process specialists, subject matter experts, quality coaches, implementation analysts and technical consultants.