

Royal College of Nursing response to PSPA Consultation on the Public Sector Pensions (Cost Sharing) (Amendment) Scheme 2025

With a membership of over half a million registered nurses, midwives, health visitors, nursing students, health care assistants and nurse cadets, the Royal College of Nursing (RCN) is the voice of nursing across the United Kingdom and the largest professional union of nursing staff in the world.

The RCN supports the underlying principle of cost sharing as a means to ensure public sector pension schemes remain sustainable, stable, and fair. However, as raised in 2019 there are several concerns with the legislation implemented in 2020. The RCN remains of the belief that the previous changes create unnecessary instability into the pension scheme and that the 0.5 per cent buffer does not provide sufficient protection against unnecessary change to the design of the scheme.

While we acknowledge the need to ensure the long-term financial sustainability of public sector pension schemes, the RCN has significant concerns about the potential impact of the current proposed changes.

Changes to Article 3

- The RCN is in favour of expanding the definition of 'active member' to cover those who were active, but who have since left or retired from one of the relevant pension schemes, between the cost sharing implementation date and the date that any amending legislation comes into operation. Additionally, the introduction of the future benefit accrual rate should provide clarity on how pension benefits will be earned for service after the amendments take effect.
- The RCN does not however support any reduction in the future benefit accrual rate as it represents a clear reduction in the value of members' pension entitlement for service yet to be earned. For nurses, this means a smaller retirement income despite continuing to make contributions throughout their working lives. We regard this as a form of deferred pay cut that risks damaging morale and retention.
- The RCN urges the government to ensure that any such changes are accompanied by full transparency on the actuarial assumptions and that members are fully consulted on impacts to safeguard the retirement outcomes of nursing and healthcare staff.

Changes to Article 6

- The provision to allow changes to apply from earlier 'relevant dates' raises concerns about legal certainty and fairness. The RCN disagrees with this proposal as it undermines members reasonable expectations and could reduce pension rights already built up, diminishing pension rights members might reasonably expect to retain. Retrospective powers like this risk eroding confidence in the scheme, especially where reductions affect members who have already accrued significant pension rights under prior rules.
- Furthermore, the RCN is concerned that shifting cost burdens onto members through retrospective

accrual changes is inequitable, and that government and employers must share responsibility for funding the scheme sustainably. Protecting members accrued benefits and avoiding retrospective detriment wherever possible should be a priority.

Considering these above, the RCN urges the Isle of Man Government to:

- Not apply any reductions to future benefit accrual rates retrospectively or in a way that undermines accrued pension rights. Instead, it should review options other than reducing accrual rates to maintain scheme sustainability, such as employer contribution increases or adjusted cost sharing buffers.
- Safeguard existing pension entitlements and provide transparent communication so members fully understand the impact of any future changes.
- Work to ensure that the burden of any pension cost adjustments is fairly shared, rather than disproportionately falling on scheme members.
- Maintain ongoing consultation and dialogue with trade unions like the RCN and other members' representatives to develop fair, sustainable pension solutions.