A decorative graphic on the left side of the slide, featuring two overlapping rectangular blocks. The top block is blue with a pattern of diagonal white lines, and the bottom block is green with a pattern of diagonal white lines.

Actuarial valuation as at 1 April 2024

BBC Pension Scheme

13 December 2024

Summary

The main results of the Scheme's actuarial valuation are as follows:

- Technical provisions funding level as at 1 April 2024 has increased to 102.2% (2022: 95.9%)



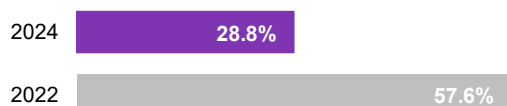
- Deficit of assets relative to technical provisions at 2022 of £841 million has changed to a surplus at 2024 of £296 million



- The Scheme Actuary's statutory estimate of solvency as at 1 April 2024 has increased to 91.3% (2022: 85.4%)



- The total rate of contributions required to meet the increase in technical provisions arising from the accrual of future service benefits has decreased to 28.8% of Pensionable Salaries (2022: 57.6%) less members' mandatory contributions.



- The average member contribution rate as at the valuation date is 6.1% of Pensionable Salaries and therefore the BBC's share of the contribution rate is 22.7% of Pensionable Salaries.
- However, between the valuation date and the date the valuation is completed, the BBC has maintained a rate of contributions of 30% of Pensionable Salaries in accordance with the Scheme's Schedules of Contributions dated 16 June 2023 and 4 June 2024. It has been agreed therefore that the rate of BBC contributions for the period from 1 January 2025 to 31 March 2026 will be 18.3%. This will ensure that the BBC contributions paid over the period from 1 April 2024 to 1 April 2026 will be expected to meet the increase in technical provisions arising from the accrual of future service benefits over the period 1 April 2024 to 31 March 2026.

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Throughout this report the following terms are used:

Scheme

BBC Pension Scheme

Trustee

BBC Pension Trust Limited

Trust Deed & Rules

The 54th Deed of Variation of the Scheme's Trust Deed and Rules dated 23 June 1949

Introduction

Scope

This report is the actuarial valuation of the BBC Pension Scheme as at 1 April 2024 and I have prepared it for the Trustee. As noted in the Limitations section of this report, others may not rely on it.

The actuarial valuation is required under the terms of Clause 16.2 of the Trust Deed & Rules and Part 3 of the Pensions Act 2004; a copy of this report must be provided to the BBC within seven days of its receipt.

The main purposes of the actuarial valuation are to review the financial position of the Scheme relative to its statutory funding objective and to determine the appropriate level of future contributions.

The report explains the financial position of the Scheme as at 1 April 2024 using several different measures of its liabilities and how it has changed since the previous valuation as at 1 April 2022. It also describes the strategy that has been agreed between the Trustee and BBC for financing the Scheme in future and provides projections of the funding position at the expected date of the next valuation.

This report and the work involved in the actuarial valuation are within the scope of and comply with the Financial Reporting Council's Technical Actuarial Standards 100: Principles for Technical Actuarial Work and 300: Pensions.

Next steps

The Trustee is required to disclose to members, in a summary funding statement, certain outcomes of this actuarial valuation within a reasonable period. Members may also request a copy of this report.

The financial position of the Scheme and the level of BBC contributions to be paid will be reviewed at the next actuarial valuation, which is expected to be carried out no later than as at 1 April 2026.

In intervening years the Trustee will obtain annual actuarial reports on developments affecting the Scheme's assets and technical provisions. The next such report, which will have an effective date of 1 April 2025, must be completed by 1 April 2026.

Debra Webb
Fellow of the Institute and Faculty of Actuaries
Towers Watson Limited, a Willis Towers Watson Company
13 December 2024

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Limitations

Third parties

This report has been prepared for the Trustee and the BBC for the purpose indicated. It has not been prepared for any other purpose. As such, it should not be used or relied upon by any other person for any other purpose, including, without limitation, by individual members of the Scheme for individual investment or other financial decisions, and those persons should take their own professional advice on such investment or financial decisions. Neither I nor Towers Watson Limited accepts any responsibility for any consequences arising from a third party relying on this report.

Except with the prior written consent of Towers Watson Limited, the recipient may not reproduce, distribute or communicate (in whole or in part) this report to any other person other than to meet any statutory requirements.

Data supplied

The membership data at 1 April 2024 was provided by the BBC's in-house Pension and Benefits Centre on 19 April 2024. The Trustee bears the primary responsibility for the accuracy of the information provided, but will, in turn, have relied on others for the maintenance of accurate data, including the BBC who must provide and update certain membership information. Even so it is the Trustee's responsibility to ensure the adequacy of these arrangements. I have taken reasonable steps to satisfy myself that the data provided is of adequate quality for the purposes of the investigation, including carrying out basic tests to detect obvious inconsistencies. These checks have given me no reason to doubt the correctness of the information supplied. It is not possible, however, for me to confirm that the detailed information provided, including that in respect of individual members and the asset details, is correct.

This report has been based on data available to me as at the effective date of the actuarial valuation and takes no account of developments after that date except where explicitly stated otherwise.

Some of the member data (such as date of birth and salary) required for the running of the Scheme, including for paying out the right benefits, is known as 'personal data'. The use of this data is regulated under the Data Protection Act, which places certain responsibilities on those who exercise control over the data (known as 'data controllers' under the Data Protection Act). Data controllers would include the Trustee of the Scheme and may also include the Scheme Actuary and Towers Watson Limited, so we have provided further details on the way we may use this data on our website at <https://www.willistowerswatson.com/en-GB/Notices/how-willis-towers-watson-uses-personal-data-for-actuarial-services-to-uk-pension-scheme-trustees>.

Assumptions

In accordance with the Scheme Funding legislation, the assumptions underlying the technical provisions have been chosen prudently. The choice of long-term assumptions, as set out in the Scheme's Statement of Funding Principles dated 13 December 2024, is the responsibility of the Trustee, in agreement with the BBC, after taking my advice. They are only assumptions; they are not predictions and there is no guarantee that they will be borne out in practice. In fact I would expect the Scheme's experience from time to time to be better or worse than that assumed. The Trustee and the BBC must be aware that there are uncertainties and risks involved in any course of action they choose based on results derived from these assumptions.

The funding of the Scheme is subject to a number of risks and it is not possible to make an allowance for all such risks in providing our advice. Unless stated, no explicit allowance has been made for any particular risk.

Further information on the main risks affecting the Scheme and the actions taken to manage them is set out in the Additional Information section. The Trustee has considered how climate-related risks might manifest themselves within the Scheme and the assumptions adopted for the funding of the Scheme are intended to contain an appropriate degree of prudence taking into account these risks.

Funding

Statutory funding objective

The Trustee's primary formal funding objective is the statutory funding objective under the Pensions Act 2004, which is to have sufficient and appropriate assets to cover the Scheme's technical provisions.

The technical provisions are calculated by projecting the benefits (which are mostly pension payments) expected to be paid in each year after the valuation date and then discounting the resulting cashflows to obtain a present value. Benefits accrued in respect of service only up to the valuation date are taken into account in this calculation (although an allowance is made for an assumed level of future pensionable earnings increases for employed members). The main benefits taken into account in this actuarial valuation are summarised in the Additional Information section of this report.

The projections allow for benefit payments being made from the Scheme over the next 80 or so years. Most of these payments depend on future increases in price inflation statistics subject to specified limits.

The method and assumptions for calculating the technical provisions as at 1 April 2024 have been agreed between the Trustee and BBC and are documented in the Statement of Funding Principles dated 13 December 2024.

The table below summarises the main assumptions used to calculate the Scheme's technical provisions for this and the previous actuarial valuation. Single equivalent rates to the full term-dependent curve, weighted by the relevant liability cashflows, are shown in brackets in the table below. In practice the calculations are based on the full term-dependent curves.

Financial assumptions	1 April 2024 % pa	1 April 2022 % pa
Discount rate	Nominal gilts curve plus varying term-dependent margin over gilts (4.95)	Nominal gilts curve plus varying term-dependent margin over gilts (2.4)
Discount rate margin over gilts	Period Margin 1 April 2024 - 31 March 2027 1.0 1 April 2027 - 31 December 2028 0.8 1 January 2029 onwards 0.5	Period Margin 1 April 2022 - 31 March 2025 1.1 1 April 2025 - 31 March 2027 1.0 1 April 2027 - 31 December 2028 0.8 1 January 2029 onwards 0.5
RPI inflation (RPI)	WTW gilt-implied break-even inflation curve with no inflation risk premium (3.4)	WTW gilt-implied break-even inflation curve with no inflation risk premium (3.8)
Price inflation (CPI)	RPI less 1.0% pa up to 2030 and 0% below RPI thereafter	RPI less 1.0% pa up to 2030 and 0% below RPI thereafter
Pay increases (including promotional allowance)	1.0	1.0
Revaluation		
- CAB 2006	CPI	RPI
- CAB 2011 (CPI max 4%)	Based on the CPI curve with a minimum of 0% and a maximum of 4% on each year's forward rate	Based on the CPI curve with a minimum of 0% and a maximum of 4% on each year's forward rate
Pension increases		
- Old Benefits (RPI max 10%)	Based on the relevant inflation curve above, with caps and floors applied to each year's forward rate, as appropriate for each benefit type	Based on the relevant inflation curve above, with caps and floors applied to each year's forward rate, as appropriate for each benefit type
- New Benefits (RPI max 5%)		
- CAB 2006 (RPI max 2.5%)		
- CAB 2011 (CPI max 4%)		

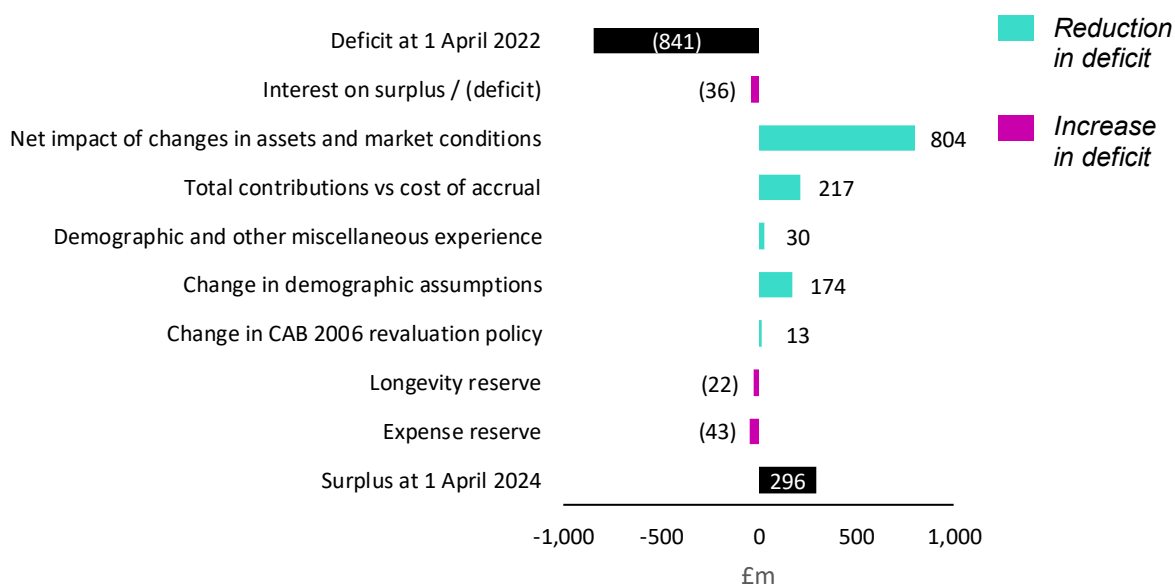
Demographic assumptions	1 April 2024	1 April 2022
Mortality base tables	SAPS 4 tables with the following subsets and multipliers	SAPS 3 tables with the following subsets and multipliers
- Male non-pensioners	101% of S4NMA	95% of S3NMA
- Male pensioners and dependants	98% of S4NMA	95% of S3NMA
- Female non-pensioners	101% of S4PFA	97% of S3PFA
- Female pensioners	99% of S4PFA	97% of S3PFA
- Female dependants	99% of S4DFA	90% of S3DFA
Future improvements in longevity	CMI 2023 core projections with a 1.5% pa long-term trend and an initial addition of 0.5% pa for both males and females; improvements apply from the S4 base year of 2017. Default weightings of 0% to 2020 and 2021 and 15% to years 2022 and 2023.	CMI 2021 core projections with a 1.5% pa long-term trend and an initial addition of 0.5% pa for both males and females; improvements apply from the S3 base year of 2013 and a 5% weighting to years 2020 and 2021.
Longevity reserve	To cover the cost of insuring 100% of the non-insured pensioners, assuming the cost is 3.5% above the best estimate mortality assumptions (£116m). The best estimate is assumed to be as the technical provisions except 3% higher multipliers on the base tables and future improvements have a 1.25% pa long-term trend. For the benefits covered by the existing longevity swap, the liabilities are the value of the fixed leg plus fees. An adjustment will be made to the liabilities to avoid double counting the impact of the longevity swap as stated in the assets, which is taken from the Scheme's report and accounts.	2.1% of the pensioner liability (£218m), which includes the impact of the longevity swap that is now in place.
Allowance for commutation	10% of all pension at retirement is commuted for tax-free cash, using factors that are in line with those due to be implemented from 1 January 2025.	10% of all pension at retirement is commuted for tax-free cash, using factors that are on average 10% higher than the current factors.
Transfer values	1% of non-pensioner members and liabilities assumed to transfer at retirement, with transfer values 10% lower than the technical provisions.	8% of non-pensioner members and liabilities assumed to transfer at retirement, with transfer values 10% lower than the technical provisions.

The table below compares the Scheme's technical provisions as at the date of the actuarial valuation (1 April 2024) with the market value of the Scheme's assets and the corresponding figures from the previous actuarial valuation:

Valuation statement	1 April 2024 £m	1 April 2022 £m
Amount required to provide for the Scheme's liabilities in respect of:		
Employed members	1,303	2,535
Deferred pensioners	3,841	7,338
Pensioners and dependants	8,046	10,359
Expenses	160	116
GMP equalisation reserve	13	20
Longevity reserve	116	218
AVCs and other money purchase benefits	71	82
Technical provisions	13,550	20,668
Market value of assets	13,846	19,827
Past service (deficit)/surplus (assets less technical provisions)	296	(841)
Funding level (assets ÷ technical provisions)	102.2%	95.9%

Developments since the previous valuation

The funding level has increased to 102.2% from 95.9% at the previous valuation. The main factors contributing to this increase are shown below.



Contribution requirements

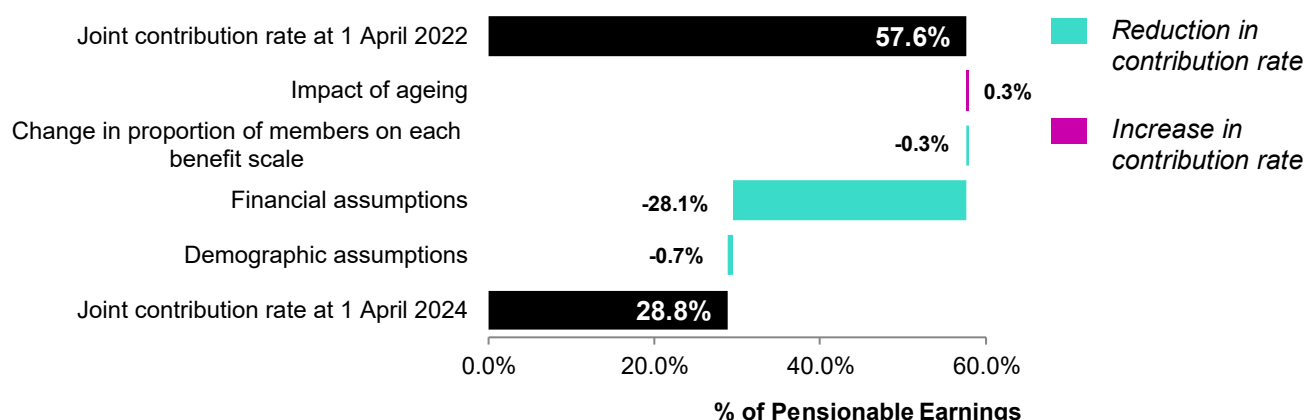
Future accrual of benefits

Under the method and assumptions described in the Statement of Funding Principles dated 13 December 2024, the overall contribution rate needed to provide the benefits that are expected to be accrued for the three year period from 1 April 2024 is 28.8% of Pensionable Salaries. This rate is inclusive of members' mandatory contributions which are payable via salary sacrifice; the average rate of members' normal contributions at this valuation is 6.1% of Pensionable Salaries and therefore the BBC's share of the contribution rate is 22.7% of Pensionable Salaries. Members' Added Years and AVC contributions are

payable in addition to the rate shown. An allowance is included in this future service contribution rate for the BBC's share of the cost of Added Years and the matching contributions under the AVC Plus arrangement, where applicable.

No allowance is included for administration expenses other than the cost of insuring the lump sums payable on death in service. PPF Levies are paid to the Scheme in full by the BBC following receipt of the relevant invoices from the PPF Board.

The main factors contributing to the change in the joint contribution rate since the 1 April 2022 valuation are shown below. As can be seen, the most significant factor affecting the contribution rate was the change in financial assumptions as a result of changes in market conditions between 1 April 2022 and 1 April 2024.



Because the Scheme is closed to new entrants, the average age of its active membership is expected to rise in future. As this happens, the contribution rate required to cover accruing benefits may be expected to rise (all else being equal) since there will then be a shorter period over which investment returns can be earned on the contributions. Offsetting this, the balance of active members by section will change so the proportion of Old Benefits members in particular (whose benefits are the most expensive to provide) will reduce over time, resulting in a reduction in the average contribution rate. On balance, we expect that these two effects will broadly cancel out so the average contribution rate is likely to remain relatively stable for several years to come (if the assumptions are borne out in practice). By contrast, the cash amount required to meet this cost may eventually fall because the number of members to whom the rate applies will fall as active members leave service, retire or die.

Between the valuation date and 31 December 2024, the BBC has maintained a rate of contributions of 30% of Pensionable Salaries in accordance with the Scheme's Schedules of Contributions dated 16 June 2023 and 4 June 2024. The rate of BBC contributions required for the period from 1 January 2025 to 31 March 2026 will therefore be 18.3%. This will ensure that the BBC contributions paid over the period from 1 April 2024 to 1 April 2026 (the expected date of the next valuation) will be expected to meet the increase in technical provisions arising from the accrual of future service benefits over this period.

The BBC will pay contributions in respect of the Pensionable Salaries of active members below their Normal Pension Age (NPA) and active members above NPA who took the Flexible Payment option; no BBC contributions are due in respect of members above their NPA (who have not taken the Flexible Payment option). Members' contributions are payable until they retire or otherwise leave pensionable service.

Recovery plan

As there were sufficient assets to cover the Scheme's technical provisions at the valuation date, the Trustee and the BBC are not required to agree a recovery plan.

Secondary funding objective

The Trustee's secondary funding objective is for the Scheme to be fully funded on a measure of low dependency on the BBC, known by the Scheme as the Journey Plan.

The discount rate used will equate to the rate of return that could be generated by holding low risk assets that match the Scheme's liabilities.

The method and assumptions for calculating the liabilities on the low dependency basis as at 1 April 2024 have been agreed between the Trustee and BBC and are documented in the Statement of Funding Principles dated 13 December 2024. They are the same as those adopted for the technical provisions, with the exception that the discount rate margin in excess of gilt yields is 0.5% pa at all terms. The single equivalent average discount rate adopted as at 1 April 2024 for the journey plan basis, weighted by the liability cashflows at the valuation date, is 4.8% pa.

The table below compares the Scheme's Journey Plan liability value as at the date of the actuarial valuation (1 April 2024) with the market value of the Scheme's assets and the corresponding figures from the previous actuarial valuation:

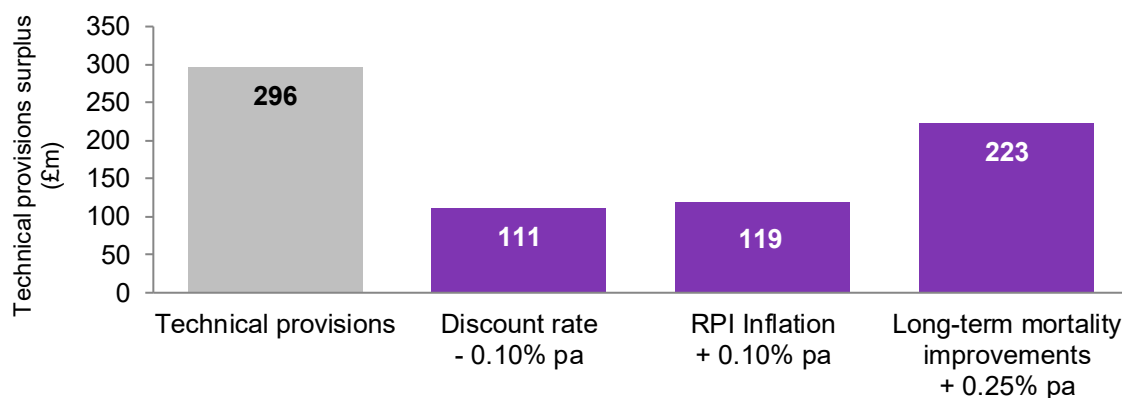
Valuation statement	1 April 2024 £m	1 April 2022 £m
Amount required to provide for the Scheme's liabilities in respect of:		
Employed members	1,328	2,617
Deferred pensioners	3,913	7,574
Pensioners and dependants	8,184	10,656
Expenses	160	116
GMP equalisation	13	21
Longevity reserve	118	224
AVCs and other money purchase benefits	71	82
Total value of liabilities on Journey Plan basis	13,787	21,290
Market value of assets	13,846	19,827
Past service (deficit)/surplus (assets less Journey Plan liability value)	59	(1,463)
Funding level (assets ÷ Journey Plan liability value)	100.4%	93.1%

The funding level has increased to 100.4% from 93.1% at the previous valuation. The main factors contributing to this increase are changes in market conditions and better investment experience than expected, together with deficit contributions received and changes to the demographic assumptions.

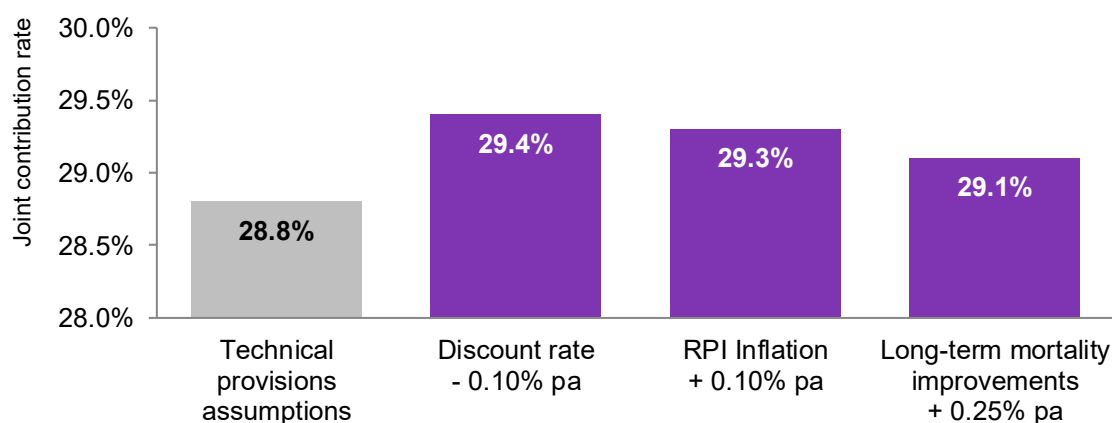
Projections and sensitivities

Based on the assumptions underlying the calculation of the Scheme's technical provisions as at 1 April 2024 and allowing for contributions to be paid to the Scheme summarised in the Funding section of this report, the technical provisions funding level is projected to remain broadly stable over the period to the next valuation (expected effective date of 1 April 2026).

The chart below illustrates the sensitivity of the technical provisions surplus as at 1 April 2024 to variations of individual assumptions. (If more than one of these assumptions is varied, the effect may be greater than the sum of the changes from varying individual assumptions.)



The chart below illustrates the sensitivity of the joint future service contribution rate as at 1 April 2024 to variations of individual key assumptions. (If more than one of these assumptions is varied, the effect may be greater than the sum of the changes from varying individual assumptions.)



Solvency

Discontinuance

In the event that the Scheme is discontinued, the benefits of employed members would crystallise and become deferred pensions in the Scheme. There would be no entitlement to further accrual of benefits.

If the Scheme's discontinuance is not the result of the BBC's insolvency, the BBC would ultimately be required to pay to the Scheme any deficit between the Scheme Actuary's estimate of the full cost of securing Scheme benefits with an insurance company (including expenses) and the value of the Scheme's assets – the "employer debt". The Trustee would then normally try to buy insurance policies to secure future benefit payments. However, the Trustee may decide to run the Scheme as a closed fund for a period of years before buying such policies if it is confident that doing so is likely to produce higher benefits for members or if there are practical difficulties with buying insurance policies, such as lack of market capacity.

If the Scheme's discontinuance is a result of the BBC's insolvency, the "employer debt" would be determined as above and the Scheme would also be assessed for possible entry to the Pension Protection Fund ("PPF").

If the assessment concluded that the assets (including any funds recovered from the BBC) were not sufficient to secure benefits equal to the PPF compensation then the Scheme would be admitted to and members compensated by the PPF. Otherwise the Scheme would be required to secure a higher level of benefits with an insurance company.

Statutory estimate of solvency

The Pensions Act 2004 requires that I provide the Trustee with an estimate of the solvency of the Scheme at the valuation date. Normally, this means an estimate of the proportion of the accrued benefits that could have been secured by buying insurance policies with the assets held by the Scheme at the valuation date. For this purpose I have assumed that no further payments are received from the BBC.

I have assumed that the insurance company price would be calculated on an actuarial basis similar to that implied by bulk annuity quotations seen by WTW at around the valuation date. Expenses are assumed to be calculated broadly based on ongoing annual costs to the point of transaction, transaction project costs and a reserve for residual risk and run off insurance associated with the transaction process.

The table below summarises how the main assumptions used to estimate the Scheme's solvency position at this and the previous actuarial valuation differ from the assumptions used to calculate the technical provisions liabilities.

Financial assumptions	1 April 2024 % pa	1 April 2022 % pa
Pensioner discount rate margin above nominal gilts curve (not covered by the longevity swap)	0.20%	0.30%
Pensioner discount rate margin above nominal gilts curve (covered by the longevity swap)	0.35%	0.55%
Non-pensioner discount rate margin above nominal gilts curve	- 0.30%	- 0.20%
CPI inflation	RPI less 0.70% pa to 2030 and 0.0% pa from 2030	RPI less 0.70% pa to 2030 and 0.0% pa from 2030
CAB 2006 and CAB 2011 revaluation	Nil	Nil

Demographic assumptions	1 April 2024	1 April 2022
Mortality base tables	Best estimate multipliers which are 3% higher than technical provisions	As per technical provisions
CMI model for future improvements in longevity	As per technical provisions	CMI 2019
Proportion of pension exchanged for a lump sum at retirement	0%	0%

Three further differences to the technical provisions calculations are that:

- All in service members are assumed to become deferred pensioners at the valuation date.
- No allowance has been included in the calculations for discretionary revaluation of CAB 2006 or CAB 2011 benefits. This is based on our understanding of the possible legal position of these increases on an insolvent wind-up.
- The market value of the assets has been adjusted to reflect a possible reduction in value of certain assets if the Trustee is forced to dispose of them over a very short period.

My estimate of the solvency position of the Scheme as at 1 April 2024 is that the assets of the Scheme would have met 91.3% of the cost of buying insurance policies to secure the benefits at that date, based on the assumptions described above. Further details are set out in the table below alongside the corresponding details as at the previous valuation date:

Valuation statement	1 April 2024 £m	1 April 2022 £m
Total estimated cost	14,408	23,219
Market value of assets	13,157	19,827
Solvency (deficit)/surplus (assets less total estimated cost)	(1,251)	(3,392)
Solvency level (assets ÷ total estimated cost)	91.3%	85.4%

The change in the solvency level from 85.4% to 91.3% is due mainly to the change in market conditions and investment performance of the Scheme's assets being better than assumed on this basis, together with deficit contributions and changes in the demographic assumptions.

The solvency estimate should not be relied upon to indicate the position on a future winding-up. Changes in market interest rates and in the supply and demand for annuities mean that the actual position at any particular point in time can be established only by obtaining specific quotations for buying the insurance policies required to secure the benefits.

The coverage for particular benefits depends on where they fall in the statutory priority order below. However, money purchase liabilities, such as those arising from members' Additional Voluntary Contributions (AVCs), are excluded from the statutory priority order; their treatment is determined by the Scheme's own rules and would normally be that they are secured in full before any other benefits.

- category 1 – benefits relating to certain pension annuities secured by the Scheme before 6 April 1997 (of which I understand there are none for the Scheme);
- category 2 – the cost to the Scheme of securing the compensation that would otherwise be payable by the PPF if the Employer became insolvent;
- category 3 – benefits in respect of defined benefit AVCs not dealt with above;
- category 4 – all other pensions and benefits due under the Scheme, including pension increases (where these exceed those under the PPF).

The Section 179 valuation as at 31 March 2024 resulted in a PPF funding level significantly higher than 100%. As the Scheme assets covered the Section 179 liabilities as at 1 April 2024, but were less than the estimated cost of securing benefits with an insurer, the Scheme would probably not have qualified for entry to the PPF had the BBC become insolvent at 1 April 2024. In this case, members would have received more than the PPF compensation but only 91.3% on average, of the entitlements described above.

Relationship between the cost of securing benefits and the technical provisions

My estimate of the cost of securing benefits with an insurance company of £14,408 million is £858 million higher than the Scheme's technical provisions of £13,550 million.

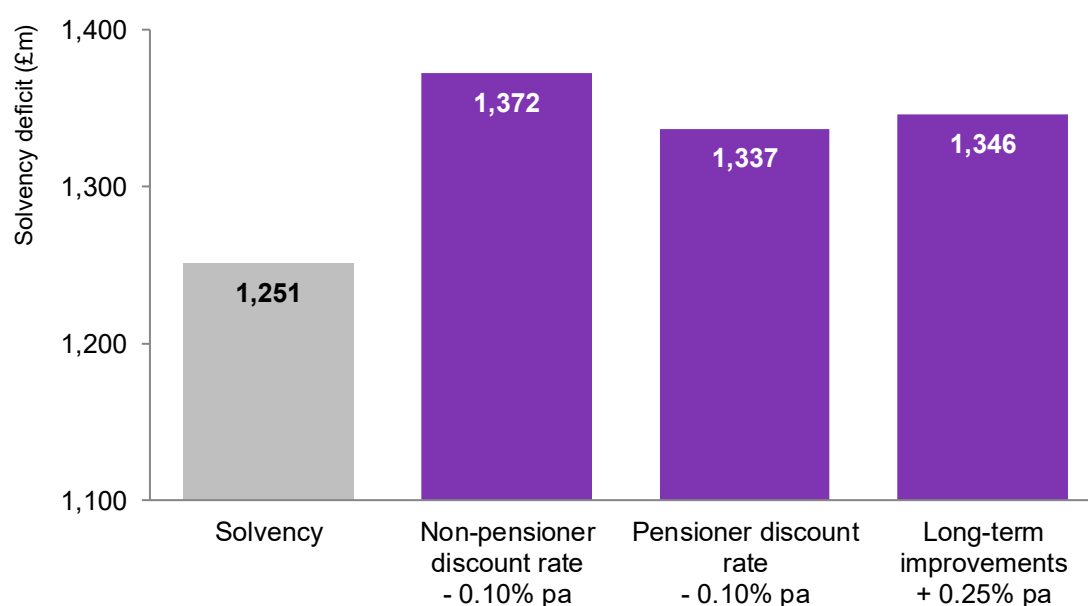
The technical provisions are intended to be a prudent assessment of the assets required under the Scheme's investment strategy to meet future benefit payments as and when they fall due but with reliance placed on the BBC being able to support the Scheme in future if the assumptions are not borne out in practice. By contrast the estimated cost of securing benefits with an insurance company is based on the price that an insurer might be likely to charge to take on the risks associated with operating the Scheme without having recourse to future contributions from the BBC, and on the benefits that it is expected would be secured at that time.

If the statutory funding objective had been exactly met on 1 April 2024 (ie there had been no funding surplus or deficit), I estimate that the solvency level of the Scheme would have been 89%. This compares with 89% at the 1 April 2022 actuarial valuation.

Projections and sensitivities

Based on the assumptions underlying the calculation of the Scheme's technical provision as at 1 April 2024 and allowing for contributions to be paid to the Scheme summarised in the Funding section of this report, the solvency level is projected to increase slightly over the period to the next valuation (expected effective date of 1 April 2026).

The chart below illustrates the sensitivity of the solvency position as at 1 April 2024 to variations of individual key assumptions. (If more than one of these assumptions is varied, the effect may be greater than the sum of the changes from varying individual assumptions.)







Additional Information

Risks

The table below summarises the main risks to the financial position of the Scheme and the actions taken to manage them:

Risk	Approach taken to risk
Employer unable to pay contributions or make good deficits in the future	<p>At each valuation the Trustee takes advice from an independent specialist on the ability of the BBC to pay contributions to the Scheme and, in particular, to make good any shortfall that may arise if the experience of the Scheme is adverse.</p> <p>This advice is taken into account when determining the level of technical provisions and in considering the appropriateness of any recovery plan to remove a deficit relative to the technical provisions.</p> <p>Between valuations the Trustee monitors the BBC's financial strength regularly.</p>
Investment returns on the existing assets could be insufficient to meet the Trustee's funding objectives	<p>The Trustee takes advice from the Scheme Actuary on possible assumptions for future investment returns. For the calculation of the Scheme's technical provisions, the Trustee has adopted discount rates that are lower than the expected returns on the Scheme assets.</p> <p>The Trustee is able to agree further contributions with the BBC at subsequent valuations if future returns prove insufficient.</p>
Investment returns on future income could be lower than the returns available at the valuation date	<p>The Trustee takes this risk into account when determining the Scheme's technical provisions, by incorporating a level of prudence into the investment return assumptions.</p> <p>The Scheme currently hedges a substantial part of its exposure to changes in interest rates.</p>
Price inflation could be different from that assumed which could result in higher liabilities	<p>The Trustee invests in some assets that are expected to be correlated to future inflation in the longer term (sometimes referred to as "real" assets). This means that, over the longer term, such assets are expected to keep pace with inflation. Such assets include equities, property and index-linked bonds.</p> <p>The Scheme currently hedges a substantial part of its exposure to inflation risk.</p>
Falls in asset values might not be matched by similar falls in the value of the Scheme's liabilities	<p>The Trustee considers this risk when determining the Scheme's investment strategy. It consults with the BBC in order to understand the BBC's appetite for bearing this risk and takes advice on the BBC's ability to make good any shortfall that may arise.</p> <p>To the extent that such falls in asset values result in deficits at future valuations, the BBC would be required to agree a recovery plan with the Trustee to restore full funding over a period of time.</p>
Scheme members live longer than assumed	<p>For the calculation of the technical provisions, the Trustee has adopted mortality assumptions that it regards as prudent estimates of the life expectancy of members so that higher reserves are targeted in respect of the risk than are expected to be necessary. At each valuation, the Scheme's experience is analysed and advice is taken on wider developments in longevity that could be relevant for the Scheme.</p> <p>The Scheme currently hedges part of its exposure to longevity risk, and the technical provisions includes a reserve to hedge a further significant proportion of the remaining longevity risk.</p>
Options exercised by members could lead to increases in the Scheme's liabilities	<p>The Trustee sets the terms for converting benefits in respect of member options on the basis of actuarial advice with the view to avoiding strains on the Scheme's finances as far as is reasonably possible without disadvantaging members.</p> <p>The terms are kept under regular review, generally following each actuarial valuation.</p>
Legislative changes could lead to increases in the Scheme's liabilities	<p>The Trustee takes legal and actuarial advice on changes in legislation and consults with the Employer, where relevant.</p>
Changing patterns of weather, temperature or disease could adversely affect the funding of the Scheme	<p>The Trustee recognises that climate-related issues represent a material risk to future economic stability in the long term, with potentially wide-ranging impacts on environmental, societal and governance matters. From the perspective of the funding of the Scheme the key ways these risks could manifest themselves are through unmatched falls in asset values, Scheme members living longer than assumed or a reduction in the strength of the BBC covenant. Each of these particular risks are separately addressed above.</p>

Risk	Approach taken to risk
Political decisions and relations, both in the UK and internationally, could adversely affect the funding of the Scheme	<p>Geopolitics can impact the Scheme in a number of ways, most notably through unmatched falls in asset values or a reduction in the strength of the Employer covenant. Each of these particular risks are separately addressed above, but the Trustee acknowledges that geopolitics could have an interconnected effect on these risks .</p> <p>For this Scheme there is also a risk that political decisions will result in changes to the BBC funding model post-Charter renewal. The Trustee is mindful of this risk and has agreed certain additional arrangements with the BBC to protect the Scheme against potentially adverse events, as well as ensuring the funding plan places limited reliance on the BBC's covenant in the post-Charter period.</p>
 Economic risk	 Demographic risk
 Legal risk	 Climate and political risk

Clearly the likelihood and impact of some of the risks above are linked. For example

- The likelihood of the Employer not being able to pay contributions will be linked to the Scheme's funding position, with circumstances that both worsen the funding position and weaken the Employer's covenant of particular concern
- As set out above, climate related risks can affect the strength of the Employer, investment returns and life expectancy
- Inflation being different to that assumed can affect both the Scheme's funding position and the strength of the Employer

In addition the likelihood and impact of the risks occurring will vary over time. For example:

- The effect of changes to discount rates and inflation will, all else being equal reduce over time as the duration of the scheme's liabilities reduces due to members ageing.

Benefits summary

The Scheme is a registered pension scheme under the Finance Act 2004 and is closed to new entrants (with the limited exception of existing members returning from an authorised career break). The Scheme has four main sections and they are summarised below. Contracting-out of the State Pension is no longer possible with effect from 6 April 2016.

Old Benefits members (joiners before 1 October 1996)

Normal Pension Age (NPA)	60th birthday for men and women.
Pensionable Salary	Basic salary including London Weighting but excluding other non-consolidated allowances. Increases to Pensionable Salary from 1 April 2011 are contractually limited to 1% pa. For joiners after 31 May 1989 a Scheme Earnings Cap applies.
Final Pensionable Salary	Pensionable Salary, as above, earned in the twelve months immediately preceding retirement or leaving service.
Pensionable Service	Service as a contributing member (in years and days) plus any service credit granted, and any purchased Added Years.
Retirement at NPA of an Active Member	A pension equal to one-sixtieth of Final Pensionable Salary for each year of Pensionable Service.
Retirement before NPA of an Active Member, on grounds of ill-health	An immediate pension calculated as for retirement at NPA but based on Pensionable Service uplifted to 24 years (subject to a maximum of the period which would have been completed by NPA), or to the period which would have been completed by NPA, depending on the severity of ill health.
Retirement before NPA of an Active member, not on grounds of ill-health	On voluntary early retirement, after age 55, a pension calculated as for retirement at NPA but reduced for early payment.
Lump Sum at Retirement	On retirement part of the pension may be exchanged for a lump sum.
Death after Retirement	A dependant's pension equal to two-thirds of the pension which would have been in payment at the date of death assuming no pension was commuted or surrendered at retirement. If death occurs within five years of the pension starting then a lump sum payment will be made equal to the balance of the pension payments for the five year period. Children's allowances are also paid.
Death in Service of an Active Member	A lump sum of 4 times actual salary at the date of death, plus a refund of the member's contributions accumulated with interest. A dependant's pension equal to two-thirds of the pension which the member would have received on retirement at NPA based on Final Pensionable Salary at the date of death. Children's allowances are also paid.
Leaving Service (or opting out)	A pension payable from NPA based on Final Pensionable Salary and Pensionable Service at the date of leaving. In addition, the appropriate dependants' pensions are payable on death before or after retirement. If no dependant's pension is payable on death before retirement then a lump sum is payable equal to five times the member's deferred pension at date of death.
Pension Increases	Pensions in payment and deferred pensions are reviewed at each 1 April and are guaranteed under the Rules to be increased in line with the rise in the Retail Prices Index (RPI) up to a limit of 10% pa.
Contributions for Active Members	Members' normal contributions are currently 7.5% of Pensionable Salary. Contributions are normally made via a salary sacrifice arrangement. Members may also pay additional voluntary contributions to purchase additional Pensionable Service (known as Added Years). Further facilities exist to pay additional voluntary contributions on a money-purchase basis. A matching contribution is made by the BBC in respect of certain allowances under the AVC Plus arrangements.

New Benefits members (joiners between 1 October 1996 and 31 October 2006)

Normal Pension Age (NPA)	60th birthday for men and women.
Pensionable Salary	Basic salary including London Weighting but excluding other non-consolidated allowances. Increases to Pensionable Salary from 1 April 2011 are contractually limited to 1% pa. A Scheme Earnings Cap applies
Final Pensionable Salary	Pensionable Salary, as above, earned in the twelve months immediately preceding retirement or leaving service.
Pensionable Service	Service as a contributing member (in years and days) plus any service credit granted.
Retirement at NPA of an Active Member	A pension equal to one-sixtieth of Final Pensionable Salary for each year of Pensionable Service.
Retirement before NPA of an Active Member, on grounds of ill-health	An immediate pension calculated as for retirement at NPA but based on Pensionable Service uplifted by either half or all of the period between early retirement and age 60, depending upon the severity of ill health.
Retirement before NPA of an Active Member, not on grounds of ill-health	On voluntary early retirement, after age 55, a pension calculated as for retirement at NPA but reduced for early payment.
Lump Sum at Retirement	On retirement part of the pension may be exchanged for a lump sum.
Death after Retirement	A dependant's pension equal to half of the pension which would have been in payment at the date of death assuming no pension was commuted or surrendered at retirement. If death occurs within five years of the pension starting then a lump sum payment will be made equal to the balance of the pension payments for the five year period. Children's allowances are also paid.
Death in Service of an Active Member	A lump sum of 4 times salary at the date of death. A dependant's pension equal to half of the pension which the member would have received on retirement at NPA based on Final Pensionable Salary at the date of death. Children's allowances are also paid.
Leaving Service (or opting out)	A pension payable from NPA based on Final Pensionable Salary and Pensionable Service at the date of leaving. In addition, the appropriate dependants' pensions are payable on death before or after retirement. If no dependant's pension is payable on death before retirement then a lump sum is payable equal to five times the member's deferred pension at date of death.
Pension Increases	Pensions in payment and deferred pensions are reviewed at each 1 April and are guaranteed under the Rules to be increased in line with the rise in the Retail Prices Index (RPI) up to a limit of 5% pa.
Contributions for Active Members	Members' normal contributions are currently 7.5% of Pensionable Salary. Contributions are normally made via a salary sacrifice arrangement. Members may also pay additional voluntary contributions on a money-purchase basis.

Career Average Benefits 2006 members (joiners between 1 November 2006 and 30 November 2010)

Normal Pension Age (NPA)	65th birthday for men and women.
Pensionable Salary	Basic salary including London Weighting but excluding other non-consolidated allowances. Increases to Pensionable Salary from 1 April 2011 are contractually limited to 1% pa. A Scheme Earnings Cap applies.
Pensionable Service	Service as a contributing member (in years and days).
Scheme Year	The Scheme Year commences on 1 April and ends on the following 31 March.
Scale Pension	The Scale Pension accrues at the rate of 1.67% of Pensionable Salary received in each Scheme Year whilst in Pensionable Service. At the end of each Scheme Year, the pension accrued to the end of the previous Scheme Year may, but need not, be increased prior to retirement in line with price inflation.
Retirement at NPA of an Active Member	The Scale Pension is payable.
Retirement before NPA of an Active Member, on grounds of ill-health	An immediate pension calculated as for retirement at NPA. The Scale Pension may be enhanced (depending on the severity of ill health) by the additional Scale Pension that would have built up had Pensionable Service continued to NPA with Pensionable Salary unchanged, and no further increases applied.
Retirement before NPA of an Active Member, not on grounds of ill-health	On voluntary early retirement, after age 55, the Scale Pension calculated as for retirement at NPA but reduced for early payment.
Lump Sum at Retirement	On retirement part of the pension may be exchanged for a lump sum.
Death after Retirement	A dependant's pension equal to half of the pension which would have been in payment at the date of death assuming no pension was commuted or surrendered at retirement. Children's allowances are also paid.
Death in Service of an Active Member	A lump sum of 4 times actual salary at the date of death. A dependant's pension equal to half of the pension which the member would have received had he or she retired at the date of death with a fully enhanced ill health pension. Children's allowances are also paid.
Leaving Service (or opting out)	A pension payable from NPA based on the Scale Pension at the date of leaving with any subsequent increases. In addition, the appropriate dependants' pensions are payable on death before or after retirement.
Pension Increases	Pensions in payment are reviewed at each 1 April and are guaranteed under the Rules to be increased in line with the rise in the Retail Prices Index (RPI) up to a limit of 2.5% pa.
Contributions for Active Members	Members' normal contributions are currently 4% of Pensionable Salary. Contributions are normally made via a salary sacrifice arrangement. Members may also pay additional voluntary contributions to the BBC's separate LifePlan arrangement.

Career Average Benefits 2011 members (active members who opted out of their existing section in 2011 and opted to join this section for future service)

Normal Pension Age (NPA)	65th birthday for men and women.
Pensionable Salary	Basic salary including London Weighting but excluding other non-consolidated allowances. A CAB 2011 Earnings Cap applies.
Pensionable Service	Service as a contributing member (in years and days).
Scale Pension	The Scale Pension accrues at the rate of 1.67% of Pensionable Salary received in each Scheme Year whilst in Pensionable Service. At the end of each Scheme Year, the pension accrued to the end of the previous Scheme Year will, except in exceptional circumstances, be increased prior to retirement in line with the rise in the Consumer Prices Index (CPI) up to a limit of 4% pa.
Scheme Year	The Scheme Year commences on 1 April and ends on the following 31 March.
Retirement at NPA of an Active Member	The Scale Pension is payable.
Retirement before NPA of an Active Member, on grounds of ill-health	An immediate pension calculated as for retirement at NPA. The Scale Pension may be enhanced (depending on the severity of ill health) by the additional Scale Pension that would have built up had Pensionable Service continued to NPA with Pensionable Salary unchanged, and no further increases applied.
Retirement before NPA of an Active Member, not on grounds of ill-health	On voluntary early retirement, after age 55, the Scale Pension calculated as for retirement at NPA but reduced for early payment.
Lump Sum at Retirement	On retirement part of the pension may be exchanged for a lump sum.
Death after Retirement	A dependant's pension equal to half of the pension which would have been in payment at the date of death assuming no pension was commuted or surrendered at retirement. Children's allowances are also paid.
Death in Service of an Active Member	A lump sum of 4 times salary at the date of death, reduced by any cash sum the member has previously commuted from the Scheme and any death lump sum benefits payable from another section of the Scheme, all in respect of the current period of employment. A dependant's pension equal to half of the pension which the member would have received had he or she retired at the date of death with a fully enhanced ill health pension. Children's allowances are also paid.
Leaving Service (or opting out)	A pension payable from NPA based on the Scale Pension at the date of leaving with any subsequent increases. In addition, the appropriate dependants' pensions are payable on death before or after retirement
Pension Increases	Pensions in payment are reviewed at each 1 April and are guaranteed under the Rules to be increased in line with the rise in the Consumer Prices Index (CPI) up to a limit of 4% pa.
Contributions for Active Members	Members' normal contributions are currently 6% of Pensionable Salary. Contributions are normally made via a salary sacrifice arrangement. Members may also pay additional voluntary contributions to the BBC's separate LifePlan arrangement (matched by the BBC up to a maximum of £300 per year).

Note: The above is an outline of the main provisions of the Scheme as they applied on 1 April 2024, and does not override the more detailed provisions set out in the Trust Deed and Rules.

Discretionary benefits

No future discretionary benefits or discretionary increases in benefit have been allowed for in the calculation of the technical provisions and statutory estimate of solvency, other than those explicitly stated in the Statement of Funding Principles dated 13 December 2024.

Changes to the benefits

Since the valuation as at 1 April 2022 no changes have been made to the Scheme's benefits.

Uncertainty about the benefits

An allowance of 0.1% of liabilities has been made in the calculation of the technical provisions and statutory estimate of solvency as an estimate for the possible changes to the benefits that may be required to ensure that the Scheme provisions in respect of Guaranteed Minimum Pensions do not unlawfully discriminate between male and female members.

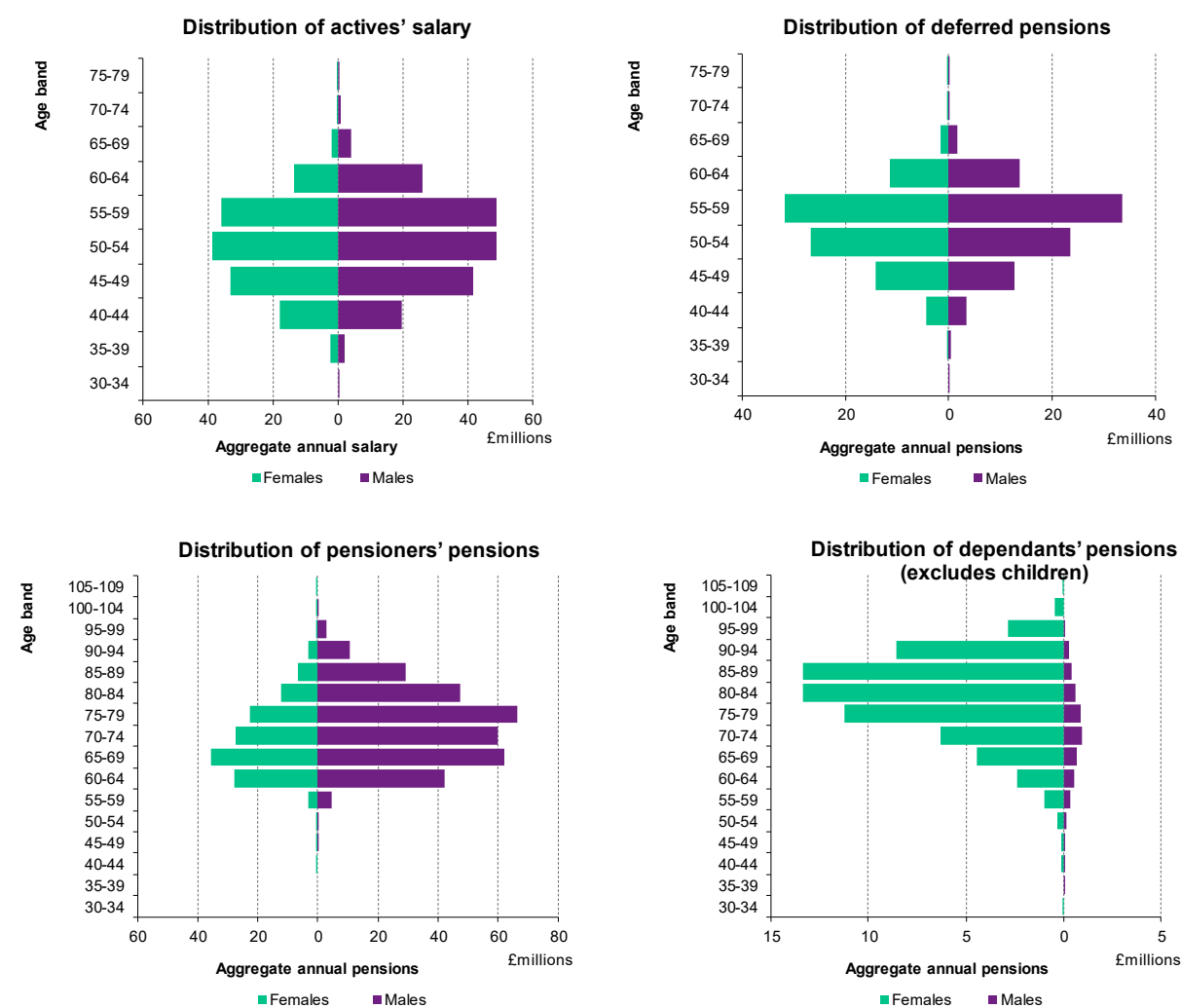
We note that full equalisation of GMPs is required in due course, but that the Scheme took measures to achieve a substantial degree of equalisation from 1997.

I am not aware of, and no allowance has been made in the valuation for, the benefits being different from those described in the Scheme's governing documents due to execution risks such as those arising in the Virgin Media case or other conflicts with legislation.

Membership data

Population pyramids

A graphical summary of the Trustee's membership information supplied by the Scheme's administrator is shown below.



Notes on data charts:

- Deferred pension amounts include revaluation to the valuation date.

A summary of the data provided for this and the previous valuation is presented below.

Number of members

Number	1 April 2024			1 April 2022		
	Males	Females	Total	Males	Females	Total
Active members	3,361	2,859	6,220	3,907	3,325	7,232
Deferred pensioners	10,939	13,961	24,900	11,822	14,849	26,671
Pensioners	13,343	9,292	22,635	12,931	8,450	21,381
Dependants	513	3,557	4,070	456	3,515	3,971
Children	165	246	411	150	234	384
Total	28,321	29,915	58,236	29,266	30,373	59,639

Annual salary or pension

£m	1 April 2024			1 April 2022		
	Males	Females	Total	Males	Females	Total
Pensionable salaries	192.8	143.2	336.0	201.2	152.6	353.8
Deferred pensions	89.2	90.4	179.6	91.4	89.2	180.6
Pensioners' pensions	324.6	139.5	464.2	286.1	114.1	400.2
Dependants' pensions	5.1	64.5	69.5	4.0	54.7	58.7
Children's pensions	1.0	2.4	3.4	0.9	2.1	2.9

Average age

Years	1 April 2024			1 April 2022		
	Males	Females	All	Males	Females	All
Active members	53.7	52.9	53.4	53.1	52.1	52.3
Deferred pensioners	54.6	54.0	54.3	53.7	52.9	53.3
Pensioners	74.3	71.3	73.4	73.7	70.9	72.9
Dependants	72.7	80.9	80.3	71.6	80.0	79.5

Notes on data tables:

Figures in respect of dependants exclude children.

Deferred pension amounts include revaluation to the valuation date.

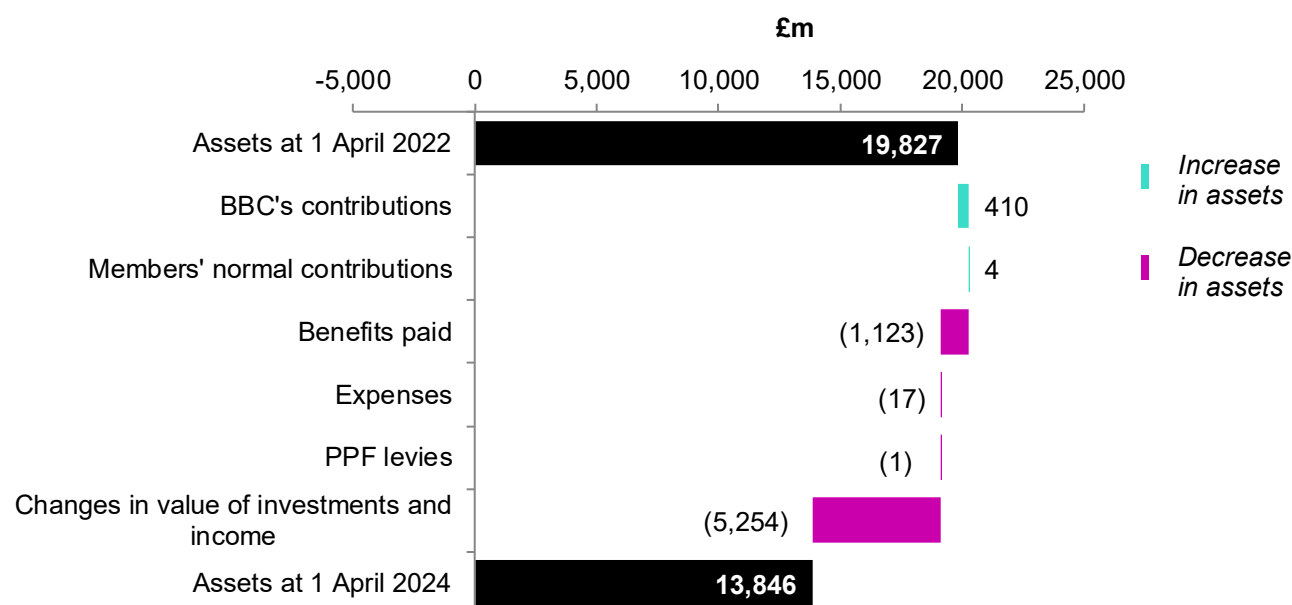
Average ages are weighted by amount.

Asset information

Movements in the market value of assets

The audited accounts supplied as at 1 April 2024 show that the market value of the Scheme's assets was £13,846 million. This includes Additional Voluntary Contributions (AVCs) which amounted to £71 million.

The change in the Scheme's assets (including AVCs) from £19,827 million as at 1 April 2022 to £13,846 million as at 1 April 2024 is detailed in the Trustee's Report and Financial Statements over that period. The chart below summarises a broad reconciliation of the change (including AVCs):



Investment strategy

The assets, excluding AVCs, were invested as summarised below as at 1 April 2024 and 1 April 2022:

	Asset allocation 1 April 2024	Asset allocation 1 April 2022
	£m	£m
Equities	3.8%	10.4%
Private Markets	17.3%	13.8%
Absolute Return	3.5%	2.6%
Return Seeking Bonds	13.3%	11.3%
Alternative Matching Assets	21.5%	18.6%
Liability Matching Bonds	39.0%	42.8%
Cash/Other	1.6%	0.5%
Total	100.0%	100.0%
Total market value of assets (£m)	13,846	19,745

Statutory Certificate

Actuarial certification for the purposes of regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: **BBC Pension Scheme**

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 1 April 2024 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 13 December 2024.

Debra Webb
Fellow of the Institute and Faculty of Actuaries

Towers Watson Limited, a Willis Towers Watson Company
13 December 2024

Watson House
London Road
Reigate
Surrey
RH2 9PQ

Glossary

This glossary describes briefly the terminology of the regime for funding defined benefit pension schemes as introduced by the Pensions Act 2004.

Actuarial report: A report prepared by the Scheme Actuary in years when an actuarial valuation is not carried out that provides an update on developments affecting the Scheme's assets and technical provisions over the year.

Actuarial valuation: A report prepared by the Scheme Actuary that includes the results of the calculation of the technical provisions based on the assumptions specified in the Statement of Funding Principles and assesses whether the assets are sufficient to meet the statutory funding target.

Contingent asset: An arrangement separate from the assets already held by the trustees under trust (or agreed and documented in the schedule of contributions) that provides for the trustees to receive certain assets should certain pre-defined events take place.

Covenant: This represents an employer's legal obligation and its ability to provide the financial support to a scheme that may be required now and in the future. The trustees' assessment of the sponsor's covenant will inform both investment and funding decisions.

Demographic assumptions: Assumptions relating to social statistics for Scheme members, which can affect the form, level or timing of benefits members or their dependants receive. This can include levels of mortality experienced by the Scheme and the proportion of members electing to exercise benefit options.

Discount rates: Assumptions used to place a capital value at the valuation date on projected future benefit cash flows from the Scheme. The lower the discount rate the higher the resulting capital value.

Financial assumptions: Assumptions relating to future economic factors which will affect the

funding position of the Scheme, such as inflation and investment returns.

Funding target/objective: An objective to have a particular level of assets relative to the accrued liabilities of the Scheme. See also statutory funding objective.

Pension Protection Fund (PPF): Provides compensation to members of an eligible occupational scheme in the event that it is wound up with insufficient assets and the employer is insolvent. The level of PPF compensation provided would not usually be at the full level of the benefits that would otherwise have been due.

Prudence: Regulations require that assumptions are chosen prudently when assessing the level of technical provisions, although they do not define this term. I have interpreted prudence to be the level of conservatism in the assumptions. Where this is interpreted quantitatively, assumptions said to be prudent would result in higher technical provisions than a "best estimate" assumption (where a "best estimate" assumption is one where there is a 50% chance that the actual outcome will be higher or lower than assumed).

The Pensions Regulator: The regulatory supervisor for occupational pension schemes with statutory objectives to protect members' benefits and the Pension Protection Fund, and statutory powers to take interventionist action.

Recovery plan: A document required where an actuarial valuation discloses that the statutory funding objective is not met (ie the assets held are less than the technical provisions). It is a formal agreement between the trustees and the BBC that sets out the steps to be taken to achieve the statutory funding objective by the end of an agreed period (the "recovery period").

Schedule of contributions: A document that sets out in detail the agreed contributions payable to a scheme by members and the BBC and the dates by which such contributions are to be paid. It includes, but is not limited to, contributions agreed under a recovery plan.

Scheme Actuary: The individual actuary appointed (under the Pensions Act 1995) by the

trustees to perform certain statutory duties for the Scheme.

Scheme-Specific Funding Regime: A term used to refer to the legislative and regulatory rules that stem from the Pension Act 2004 and which govern the funding of occupational defined benefit pension schemes in the UK.

Secondary funding target: The secondary funding target is a stronger target than the statutory funding objective, and one to which the trustees aspire over the longer term. Once 100% funding on the technical provisions basis is reached, the secondary funding target may be expected to be achieved by a combination of investment returns and contributions.

Statement of Funding Principles (SFP): The SFP sets out the trustees' policy for ensuring that the statutory funding objective and any other funding objectives are met and, in particular, the assumptions for calculating the technical provisions at the effective date of the actuarial valuation. The trustees are responsible for preparing and maintaining this document, taking into account the advice of the Scheme Actuary and in many cases seeking the agreement of the BBC.

Statement of Investment Principles (SIP): The SIP sets out the trustees' policy for investing the Scheme's assets. The trustees are responsible for preparing and maintaining this document, taking into account written investment advice from the appointed investment advisor and consulting the BBC before any changes are made.

Statutory estimate of solvency: An estimate of the cost of discharging a scheme's liability to pay benefits through the purchase of insurance policies in respect of each member's full benefit

entitlement under the Scheme (unless the actuary considers that it is not practicable to make an estimate on this basis, in which case the estimate of solvency can be prepared on a basis that the actuary considers appropriate).

Statutory funding objective: To have sufficient and appropriate assets to cover the Scheme's technical provisions.

Statutory priority order: The order in which the assets of a scheme must be applied in securing the benefits of different members in the event of it being wound up. The order is consistent with the Pension Protection Fund (PPF) because benefits covered by the PPF are the highest priority class of defined benefit liabilities.

Summary funding statement: An update sent to members following the completion of each actuarial valuation or actuarial report informing them of the assessed financial position of the Scheme.

Technical provisions: The amount of assets required to make provision for the accrued liabilities of the scheme. The technical provisions are calculated using the method and assumptions set out in the Statement of Funding Principles.

Winding-up: This is a particular method of discharging a scheme's liability to pay benefits. It typically arises where the employer no longer provides financial support to it (for example if it becomes insolvent) and would usually involve using the scheme's assets to buy insurance policies that pay as much of the scheme's benefits as possible in accordance with the statutory priority order.