

Report and financial statements 2024

Pension Scheme Registration Number 10149485

Contents

| | Page |
|--|------|
| Summary of the Year | 2 |
| Trustee's Report | 3 |
| Fund Account | 18 |
| Statement of Net Assets (available for benefits) | 19 |
| Notes to the Financial Statements | 20 |
| Independent Auditor's Report | 42 |
| Independent Auditor's Statement about Contributions | 45 |
| Summary of Contributions Payable | 46 |
| Actuary's Certification of the Schedule of Contributions | 47 |
| Trustee and Advisors to the Scheme | 48 |
| Governance and other matters | 50 |



Summary of the year

Membership

The total number of Scheme beneficiaries at 31 March 2024 was 44,777 (excluding dependants), 1.4% less than last year. The Scheme closed to new entrants on 1 December 2010.

A breakdown of the membership is on page 5.

Scheme Investments

The value of the Scheme's investments (including Additional Voluntary Contributions (AVC) investments) was £13.8bn at the year end, down by £0.9bn from the end of the previous year.

Although the asset values have fallen, this has been matched by a broadly equivalent drop in liability values i.e. the expected cost of paying benefits now and in the future has also reduced. Details of the distribution of investments are on pages 15 and 16.

Performance

The Scheme's assets produced a return of minus 3.4% in the year ended 31 March 2024. Over the last five years the Scheme's investments have generated an annualised return of minus 2.4%.

More details are on page 7 to 9.

Valuation

The actuarial valuation of the Scheme as at 1 April 2022 revealed a shortfall (liabilities, calculated on the technical provisions basis, minus the value of the assets) of £841m.

Details are on page 6.

Movement of the fund

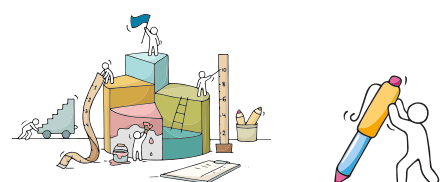
The Fund Account on page 18 shows that income from contributions was £173.2m and outgoings were £571.9m, giving net withdrawals from dealings with members of £398.7m. Income from investments, net of expenses, was £296.8m giving a total outflow of £101.9m.

Court Action

In May 2022 the BBC announced that it is reviewing its future pension provision for employees and made an application to the High Court to rule on the correct interpretation of one of the Rules of the Scheme.

The High Court issued its decision on 28 July 2023 and the BBC is now appealing it to the Court of Appeal. The Court of Appeal hearing is scheduled to start on 25 June 2024.

The Trustee is a party to the Court proceedings, primarily to assist the Court and to ensure that all relevant information is provided, and all relevant questions and arguments are raised.



Trustee's report

This report for the year ended 31 March 2024 is presented in compliance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. The financial statements have been prepared and audited in accordance with the regulations made under sections 41(1) and 41(6) of the Pensions Act 1995.

How the Scheme is run

The BBC Pension Scheme (the Scheme) is a defined benefit scheme. The Scheme provides benefits for and in respect of its members, who are, or were, employees of the BBC or other participating employers.

The Scheme is established and governed by a Trust Deed and Rules. The Trustee of the Scheme is a company, BBC Pension Trust Ltd, referred to as the "Trustee" throughout this report.

The Trustee acts through its Board of Directors. The directors are referred to throughout this document as the "Trustee Directors" and the Board of Directors as the "Trustee Board".

The Scheme is set up under trust, the effect of which is to separate the Scheme's assets from those of the BBC. The Trustee holds the assets on trust to provide the benefits under the Scheme. The Scheme is registered with HM Revenue & Customs under Chapter 2, Part 4 of the Finance Act 2004.

Appointment and nomination of Trustee Directors

There are eleven Trustee Directors.

Three independent Trustee Directors are appointed by the Trustee Board, with the approval of the BBC, for a term of three years.

Four BBC Trustee Directors are appointed by the BBC. Of these four BBC Trustee Directors, at least three must hold senior positions in the BBC or other participating employers.

Three Member Trustee Directors are nominated from and elected by the active members and those deferred members who are still working for the participating employers. They hold office for six years and retire in rotation.

One Pensioner Trustee Director is nominated from and elected by the pensioner members, and also serves for six years.

If there is more than one nomination for the Member Trustee Director or Pensioner Trustee Director position, a ballot is held.

The Chair of the Trustee Board is appointed by the Trustee Directors, with the approval of the BBC.

The Trustee exercises its powers and duties in the interests of the Scheme as a whole, as required under the Scheme's governing documents and legislation.

Changes to the Trustee Board

Kevin Carter's term as an Independent Trustee Director ended on 31 August 2023. Emma Osborne was appointed as an Independent Trustee Director from 1 September 2023.

After the end of the Scheme year the following changes to the Trustee Board were made. Grant Cassidy resigned as a member nominated Trustee Director on 30 April 2024. Ben Cryer was appointed as a member nominated Trustee Director on 1 May 2024.

Changes to Scheme advisers

Shortly after the end of the Scheme year there was a change of Scheme Actuary. Alison Blay resigned on 25 April 2024 and Debbie Webb was appointed in her place on the same date. As required by Regulations made under the Pensions Act 1995 it was confirmed in Alison Blay's notice of resignation that she knew of no circumstances connected with her resignation that significantly affected the interests of the members, prospective members or beneficiaries of the Scheme.

Increases in pensions and deferred pensions

Pension increases awarded on 1 April 2024 ranged from 2.5% to 5.2%, depending on the section of membership to which members belonged. Except for CAB 2006 members (in respect of whom revaluation is discretionary only), no discretionary increases were awarded. Details of the specific increases awarded can be found on page 52.

Transfer values

Transfer value payments made during the year have been calculated in accordance with the provisions of Section 97 of the Pension Schemes Act 1993. More detail can be found on page 52.



The Trustee Board

During the year the Trustee board comprised:



Catherine Claydon (Independent, Chair)

Attendance at Board Meetings - 7/7
Governance Committee (Chair) 1/1

Emma Osborne (Independent)

Attendance at Board Meetings - 5/5
Investment Committee (Chair from 1 September 2023) - 3/3

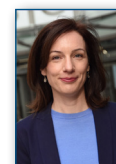


Martyn Freeman (BBC)

Attendance at Board Meetings - 6/7
Finance and General Purposes Committee (Chair) - 4/4

Kristina Block (Member)

Attendance at Board Meetings - 6/7
Finance and General Purposes Committee - 3/4



Hannah Sander (Member)

Attendance at Board Meetings - 7/7
Finance and General Purposes Committee - 2/4
(on maternity leave during the year)

Grant Cassidy (Member)

Attendance at Board Meetings - 6/7
Investment Committee - 6/6



Leslie Huss-Smickler (Pensioner)

Attendance at Board Meetings - 7/7
Governance Committee - 1/1

Eileen Haughey (Independent)

Attendance at Board Meetings - 6/7
Finance and General Purposes Committee - 4/4



David Jordan (BBC)

Attendance at Board Meetings - 7/7
Investment Committee - 4/6

Peter Johnston (BBC)

Attendance at Board Meetings - 7/7
Governance Committee 1/1



Shirley Cameron (BBC)

Attendance at Board Meetings - 7/7

Kevin Carter (Independent) - Stepped down 31 August 2023

Attendance at Board Meetings - 2/2 - Investment Committee (Chair) - 3/3



Membership

| | 2023 | 2024 | |
|---|----------------------------|-------------------------------|--------------|
| Total membership | | | |
| Contributing members | 6,800 | 6,223 | |
| Deferred pensioners | 25,776 | 24,888 | |
| Pensioners | 26,211 | 27,108 | |
| | 58,787 | 58,219 | |
| Contributing members | | | |
| At 1 April 2023 | 6,800 | | |
| New members* | 22 | | |
| Leavers | (403) | | |
| Retired with pension (normal health) | (181) | | |
| Retired with pension (ill health) | (6) | | |
| Died in service | (9) | | |
| At 31 March 2024 | 6,223 | | |
| Deferred pensioners | | | |
| At 1 April 2023 | 25,776 | | |
| Leavers from active status (including re-instatemements) | 403 | | |
| Subsequently transferred | (45) | | |
| Pensions becoming payable | (1,187) | | |
| Deaths | (38) | | |
| Surrendered, commuted or refunded | (21) | | |
| At 31 March 2024 | 24,888 | | |
| Pensioners | Former contributors | Spouses and dependants | Total |
| At 1 April 2023 | 21,836 | 4,375 | 26,211 |
| Contributing members who retired (including re-instatemements) | 181 | 0 | 181 |
| Deferred pensions becoming payable | 1,187 | 0 | 1,187 |
| Spouses and dependants | 0 | 307 | 307 |
| Cessations | (564) | (214) | (778) |
| At 31 March 2024 | 22,640 | 4,468 | 27,108 |

The total number of Scheme beneficiaries as at 31 March 2024 was 44,777 (2023: 45,416), excluding dependants. Membership numbers in the table above are higher as members can hold more than one record. For example, existing members who joined the Career Average Benefits 2011 section from another section of the Scheme may have a deferred pensioner record for their benefits built up in the Old Benefits, New Benefits or Career Average Benefits 2006 sections and a contributing record for their Career Average Benefits 2011 benefits.

*New members were individuals re-joining the Scheme following their return from a career break.



Report on actuarial liabilities

The actuarial valuation of the Scheme as at 1 April 2022 reported a shortfall (liabilities, calculated on the technical provisions basis, minus value of assets) of £841m. The value of the Scheme's assets and liabilities at that date were £19,745m and £20,586m respectively (both excluding AVCs).

A summary of the financial assumptions adopted for the technical provisions and future service contributions as at 1 April 2023 is set out below. Discount rate and increase assumptions are all term-dependent (except for pay increases, which are fixed). The rates summarised below are single equivalents to the full assumption curve, weighted by the liability cashflows at the valuation date.

Single equivalent nominal % pa

| | |
|---|-----|
| Discount rate | 2.4 |
| Price inflation (Retail Prices Index) | 3.8 |
| Price inflation (Consumer Prices Index) | 3.2 |
| Pay increases (including promotional allowance) | 1.0 |

The pension increases and deferred pension revaluation assumptions have been set reflecting the guaranteed level of increases under the Scheme rules, based on the relevant inflation curve above with caps and floors applied to each year's forward rate, as appropriate for each benefit type, as set out in the table below.

Level of increases

Pension increases

| | |
|---|------------------------|
| Old Benefits (in payment and deferment) | RPI (min 0%, max 10%) |
| New Benefits (in payment and deferment) | RPI (min 0%, max 5%) |
| CAB 2006 (in payment) | RPI (min 0%, max 2.5%) |
| CAB 2011 (in payment) | CPI (min 0% max 4%) |
| Revaluation* | |
| Career Average Benefits 2006 (CAB 2006) | RPI |
| Career Average Benefits 2011 (CAB 2011) | CPI (min 0% max 4%) |

Mortality base tables are 95% of S3 Normal Health Pensioners tables for males, 97% of S3 All Pensioners tables for female pensioners and 90% of S3 All Dependants tables for female dependants. Improvements in longevity are assumed to be in line with the CMI 2021 core projection model from 2013 to the valuation date and in future with a smoothing parameter of 7.0, an initial addition of 0.5% pa, a long-term rate of improvement of 1.5% a year for both males and females and 5% weighting to the 2020 and 2021 data. In addition a longevity reserve of 2.1% of the pensioners' liability is included.

To eliminate this funding shortfall the Trustee has agreed with the BBC that additional contributions will be paid to the Scheme by the participating employers in accordance with the table shown in note 2 in the financial statements on page 23.

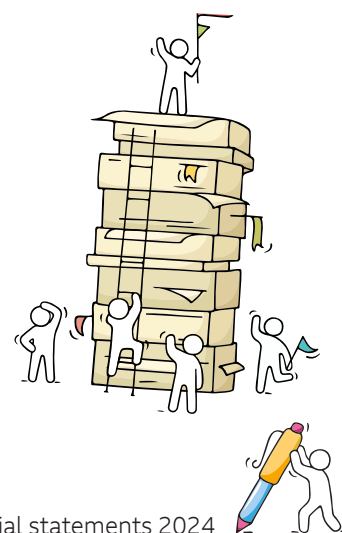
The method used to calculate the technical provisions is the projected unit method.

The funding shortfall is expected to be eliminated by 31 December 2028.

The latest funding update was prepared using the same methodology updated with assumptions as at 1 April 2023 and reported a surplus of £103m on the technical provisions basis.

Actuarial valuations must be carried out at least every three years (but may be carried out more frequently). The effective date of the next actuarial valuation of the Scheme must therefore be no later than 1 April 2025.

Further information on the actuarial valuation can be found on the Scheme's website: bbc.co.uk/mypension.



Investment policy and management arrangements

The Trustee sets investment policy. The Trustee consults the BBC and takes advice from the Scheme Actuary, its investment consultants, and other advisers as appropriate. The Trustee engages independent members of the Investment Committee with relevant investment experience and is supported by an in-house investment team. The investment policy is reviewed at least annually. The Trustee has established BBC Pension Investment Limited, regulated by the FCA, to exercise investment discretion in relation to specific aspects of the Scheme's portfolio.

The Trustee delegates responsibility for implementing investment policy to its Investment Committee. The Investment Committee appoints, monitors the performance of and removes investment managers. It oversees asset allocation and directs the cash flow of the Scheme amongst investment mandates, adjusting portfolios as necessary. It monitors, reviews and recommends changes to the Trustee's policies in respect of investment, corporate governance, responsible investment and engagement.

In setting policy, the Trustee has regard to a set of investment beliefs developed in discussions with its investment consultant, the in-house team, the Investment Committee and other parties. The investment beliefs provide a starting point for strategic asset allocation reviews and other investment discussions. Fundamentally the Trustee believes and takes account of the fact that the BBC underwrites the liabilities of the Scheme. The Trustee monitors the covenant of the BBC on a continuous basis to assess its ability to support the Scheme.

The Trustee delegates day to day investment decisions to suitably qualified independent investment managers. Their activities are defined and constrained by detailed agreements. Investment managers have discretion to buy and sell investments within the terms of their agreements.

The Trustee invests in a mix of real and monetary assets deemed suitable for pension schemes, balancing expected returns against volatility. Derivative instruments, potentially involving leverage, are used to manage the Scheme's risk and for efficient portfolio management purposes.

Asset allocation is driven by the specific characteristics of the Scheme, in particular its demography, the pattern of liabilities, the funding of the Scheme and the risk tolerance of the Trustee and BBC. The Trustee sets the strategic asset allocation which is reviewed following periodic asset liability modelling (ALM) studies that consider the full range of investment opportunities available to the Scheme, expected returns on investments and changes to the funding position.

The Trustee has a long-term objective of being fully funded, on a basis which would allow it subsequently to run a low-risk investment policy with limited likelihood of requiring recourse to the BBC for additional contributions. Based on the current agreed Schedule of Contributions and investment policy, the Trustee is targeting the achievement of this objective by 2028. Over this time frame, in line with regulatory guidance, the Trustee targets an appropriate balance between risk and return.

2023/24 Overview and performance

The 2023/24 financial year saw further increases in short term interest rates as leading central banks sought to combat above target inflation. With the US economy performing strongly, the US Federal Reserve's Fed Funds target range rose from 4.75%-5.00% to 5.25%-5.50%, its highest level since 2001. The Bank of England raised its Base rate from 4.25% to 5.25%, while UK inflation (CPI), which had reached 11.1% in 2022, fell back to 3.2% in the year to March 2024.

Government bond markets extended the losses that they had experienced in 2022/23, as yields edged higher. In the UK this reflected market expectations of a somewhat higher medium term trajectory for short term interest rates, with only modest Base rate reductions in 2024, despite the fall in inflation. The UK 30-year nominal government bond (Gilt) yield rose from 3.8% to 4.4%. Meanwhile, the 30-year Index-Linked Gilt yield rose from 0.4% to 1.1%, which is a full 3% higher than at the end of March 2022 when the yield was -1.9%.



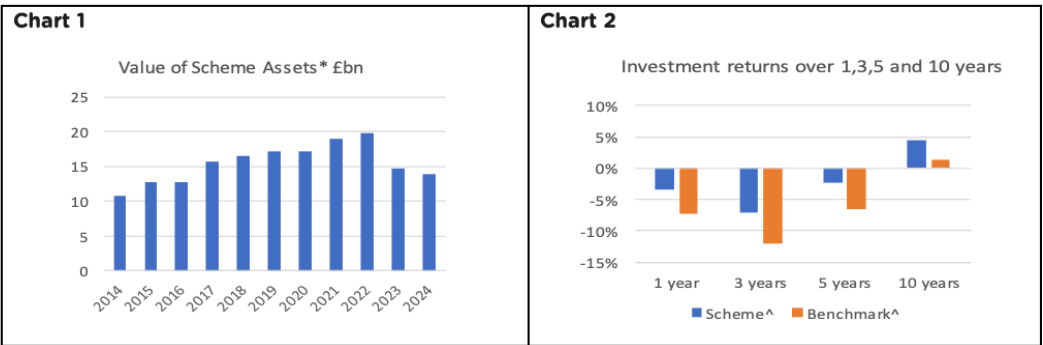
The level of long-term bond yields is particularly important for the Scheme as the yields are used to estimate the present value of the Scheme's liabilities. Meanwhile, the Scheme has significant holdings of 'liability matching bonds' such as Gilts and Index-Linked Gilts because their contractual cash flows mirror the benefits that the Scheme pays to its pensioners, and limit the extent to which the Scheme's funding position is affected by movements in long term interest rates and expected inflation.

The resilience of economic activity and a general improvement in financial conditions were supportive for credit and equity markets. Corporate bonds outperformed government bonds as credit spreads tightened and equity markets delivered strong returns, with global equities up 20.9% (FTSE All World index in £) for the year.

As a consequence of these market movements, the value of the Scheme's assets was lower compared to a year ago. The asset value fell to £13.8bn, (excluding AVCs) down from £14.7bn at the end of March 2023.

After adjusting for cash flows in and out of the Scheme, the net investment return was -3.4%, following returns of -24.2% in 2022/23 and 6.2% in 2020/21. Over the past five years, the Scheme's investment return is -2.4% on an annualised basis. Over the very long term, since 1978, the Scheme's investments have generated an annualised return of approximately 9%.

Chart 1 shows the Scheme's assets since 2014. Chart 2 gives the annualised performance of the Scheme over the last one, three and five years, and compares those figures with the Scheme's benchmark.

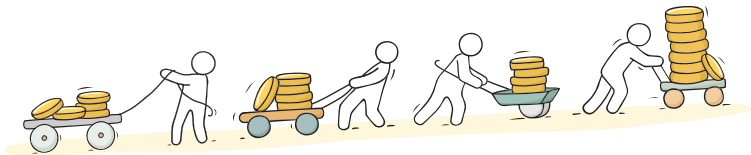


Sources: HSBC, Willis Towers Watson
 *Assets ex. AVCs;
 ^Performance includes adjustments to the value of the Scheme's longevity swap; Proxy Liability Benchmark using Gilts plus 0.5% basis, as calculated by Willis Towers Watson; numbers are annualised

The Scheme uses an investible representation of its liabilities (liability proxy) as its primary investment benchmark. This approach aligns the management of the Scheme's assets directly with the objective of being able to pay pensions to beneficiaries as they fall due.

The Scheme's return of -3.4% compares to its benchmark return of -7.1% in 2023/24, with the relative performance due primarily to the strong performance of the Scheme's remaining return-seeking assets and the outperformance of corporate bonds over government bonds.

This leaves the Scheme's return well ahead of its liability proxy benchmark over three and five and ten years. The Scheme's assets have outperformed the liability proxy both in periods of rising yields as well as falling yields, leading to a steady and significant improvement in the Scheme's funding position.



Investment strategy and activity

The Scheme's strategic asset allocation is reviewed at least annually by the Trustee. The table below shows the asset allocation as at 31 March 2024.

| Asset Allocations | Current % | Strategic Asset Allocation % |
|-----------------------------|-------------------------|------------------------------|
| Equities | 3.2 (4.9 [^]) | 8.0 |
| Private Markets | 17.3 | 8.0 |
| Absolute Return | 3.7 | 0.0 |
| Return Seeking Bonds | 12.8 | 8.0 |
| Alternative Matching Assets | 20.7 | 19.5 |
| Liability Matching Bonds | 40.7 (79.7*) | 56.5 (78.0*) |
| Cash held centrally | 1.6 | 0.0 |

[^]Including equity derivatives

* UK Interest rate exposure of liability matching bonds and derivatives, as a proportion of Scheme funded liabilities.

Following improvements in the Scheme's funding position over recent years and specifically in 2022, the future investment returns (versus liabilities) that are required for the Scheme to meet its objectives have fallen. Over the long term, the Trustee has therefore been able to take steps to reduce the level of risk in the Scheme, investing the assets in a way that more closely matches the liabilities.

The Scheme's strategic allocation was unchanged in 2023 after a reduction in the strategic allocation to equities from 12% to 8% in 2022.

The liquidity of the Scheme's investments and specifically the amount of collateral available to support the leverage in the Scheme's Liability matching portfolio has been an important area of focus for the Trustee. It was helpful that before the 2022 LDI crisis the Scheme was running only low levels of unfunded exposure in its LDI portfolio and had not fully hedged its exposure to bond yields and expected inflation.

The negative returns experienced by the Liability Matching segment of the portfolio in both 2022 and 2023, combined with good performance by some other asset classes has resulted in a significant underweight position in liability matching bonds compared to the Strategic Asset Allocation. There are corresponding overweights to private markets (property, private equity and absolute return strategies) and to return seeking bonds. The Scheme has been taking steps over the last year to rebalance the portfolio back towards its strategic asset allocation and strong ongoing cash flows from the Scheme's illiquid assets have been helpful in this process.

The Trustee has continued to retain a diversified portfolio of assets to generate the investment returns, relative to liabilities, that are required to meet the Scheme's Journey Plan. For example, the Scheme has continued to hold assets in the 'alternative matching asset' segment of the portfolio, such as infrastructure investments and renewable energy investments in the UK that offer the prospects of stable long term cash flows. These are not expected to be as effective a short-term hedge for the Scheme's liabilities as UK government bonds but should deliver higher returns and cash flows that are well aligned to the Scheme's obligations over the longer term.

Manager fees are usually charged as a proportion of the assets under management. Additional fees such as transaction charges and performance fees may also be incurred. Fees are negotiated individually when a manager is appointed and are reviewed periodically to ensure that the Scheme receives value for money from its relationships with investment managers and other suppliers. The Trustee monitors a broader measure of investment costs which includes management fees, commissions, administration and custody costs, property expenses and other investment governance and advisory costs. This measure shows that costs increased over the last two years as market movements resulted in an increased allocation to higher fee investment strategies. However, overall investment costs are nonetheless more than 25% lower as a percentage of assets under management than was the case in 2011. The Scheme is a member of the Independent Limited Partners Association (ILPA) and has been seeking to improve the quality and standardisation of the fee data that it receives, especially relating to alternative investments.



Implementation Statement

Responsible investment

The Trustee recognises that with ownership comes responsibility and it is committed to exercising its influence and control to promote the long term sustainability of the Scheme's investments, consistent with its duty to act in the best financial interests of the Scheme.

Responsible investment involves effective integration of environmental, social, governance and other relevant factors including climate change (collectively referred to as "ESG" factors) and stewardship (broadly covering voting and engagement) in the Scheme's investment approach and strategy. The Trustee is committed to taking appropriate advice on these matters and monitors investment managers' strategy, decision-making and performance. The Trustee will seek to engage with regulators and public policymakers, and collaborate with other pension funds and investors in order to achieve the greatest impact and to make the best use of resources.

The Trustee is a signatory to the UN-supported Principles for Responsible Investment (PRI) and a member of the Institutional Investors Group on Climate Change (IIGCC). Trustee Directors and members of the Scheme executive contribute to investor groups focused on stewardship such as Accounting for Sustainability (A4S) and the Asset Owner Council.

The Trustee's policies on stewardship, voting and engagement are set out in the Statement of Investment Principles and Responsible Investment Policy, which can be viewed on the Scheme website. A copy is available on request from the BBC Pension and Benefits Centre, Central Square, Cardiff CF10 1FT. These policies are reviewed and updated annually. The Trustee is satisfied that these policies have been followed during the year.

Climate Change – TCFD Disclosures

The Trustee recognises that climate change is a long term risk for the fund and has the potential to impact the Scheme's investments, liabilities and funding position. In the interests of members and aligned with the goals of the Paris Agreement, the Trustee has committed, consistent with its fiduciary obligations, to managing the investment portfolio in line with achieving net zero greenhouse gas emissions by 2050. The Scheme is a signatory to the Paris Aligned Asset Owner Commitment and the Chair of Trustees has signed the A4S Pension Fund Chair Net Zero Statement of Support.

The Scheme supports the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and has published annual disclosures using the TCFD framework since 2018. The latest TCFD report has been designed to meet the requirements of the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021. The full TCFD report can be found on the Scheme website (bbc.co.uk/mypension/documents/scheme-documents/). This does not form part of the financial statements.



Voting and Engagement

The Scheme employs a voting and engagement overlay service, EOS at Federated Hermes (EOS), to vote at company meetings and engage with investee companies, public policy-makers and regulators, promoting high standards on ESG issues and a sustainable environment for the Scheme's investments. EOS is an active participant in a number of collaborative industry bodies and initiatives on the Scheme's behalf, including Climate Action 100+.

EOS manages voting and engagement across the majority (c.85%) of the Scheme's listed equity investments, which are held in segregated funds. In addition, EOS carries out engagement across the Scheme's segregated corporate credit holdings. The Trustee has employed EOS in order to achieve a consistent approach to voting and engagement across these investments and benefit from the expertise and scale of a specialist stewardship provider. EOS is expected to carry out voting in accordance with the Federated Hermes Responsible Ownership Principles and such higher standards as agreed with the Trustee, unless they believe that doing so would not be in the best financial interests of the Scheme.



EOS engages with investee companies on the Scheme's behalf, setting engagement objectives and tracking progress using a milestone measurement system. EOS employs a large team of engagement specialists, with a range of skills, experience, languages and connections to enable them to access and maintain constructive relationships with company boards. Together they represent pension funds and other large institutional investors with assets under advice in excess of US\$1.4trillion, giving greater impact to their engagements than the Scheme could achieve as an individual voice.

EOS continually reviews the progress of company engagements, according to the objectives set out in its Engagement Plan. The Trustee contributes to the development of this plan on an annual basis, alongside other EOS clients. The Trustee has identified climate change as a key stewardship priority and this is reflected in the company engagement and voting activities that EOS carries out on behalf of the Scheme. If insufficient progress is being made on an engagement objective, EOS considers whether to intensify efforts and escalate the engagement or discontinue the objective and take a different approach as the situation demands. Escalation strategies include leveraging collaborative engagements, issuing public statements, voting recommendations against re-election of directors, filing shareholder resolutions and joint statements.

For listed equity investments held in a pooled fund, voting and engagement is delegated to the relevant investment manager. Stewardship priorities, engagement activities and voting records are monitored and discussed regularly with the pooled fund manager. Managers are challenged on how their activities correspond with organisational commitments such as the Principles for Responsible Investment or the Net Zero Asset Managers Initiative.

Across all asset classes, the approach to stewardship and ESG factors is considered in the manager selection and appointment process, to assess alignment with the Trustee's policies. This is supported by research and recommendation from an investment consultant. Once appointed, investment managers' engagement activities and priorities are monitored and reviewed regularly via written reporting and manager meetings. These activities vary according to the type of investment.

For example, bond managers consider material ESG factors in investment due diligence and assessment of documentation, terms and conditions. Company engagement is carried out directly with key decision-makers, who are central to the financial management of the business.

Property managers consider ESG factors when assessing new investments, in ongoing asset management and engagement with tenants. Many of the Scheme's property and infrastructure managers carry out GRESB assessments and have set targets to outperform each year. GRESB (formerly the Global Real Estate Sustainability Benchmark) is the leading global ESG benchmark for real estate and infrastructure investments.

Engagement case studies

The following examples have been selected as they relate to the Scheme's stewardship priority of climate change across the range of asset classes in which the Scheme invests.

EOS has been engaging with a European automotive manufacturer, which is held in the Scheme's actively managed listed equity portfolio. EOS has challenged the level of ambition and lack of intermediate targets for its electric vehicles strategy and the alignment of its public policy advocacy with the goals of the Paris Agreement. EOS has engaged consistently on these issues since 2017, participating in site visits, investor events and multiple in-person and virtual meetings with investor relations, the supervisory board chair and the head of external affairs and sustainability executives. Over this period, the company has significantly increased its ambition regarding electric vehicles, including interim sales targets and carbon emissions reduction targets. On climate lobbying, the company has committed to providing greater transparency to stakeholders by reporting annually on relevant engagement and activities. EOS continues to engage with the company on improving its disclosures to better align with investor expectations on climate lobbying, to demonstrate alignment of its Scope 3 targets with a 1.5°C scenario, its approach to reducing emissions in its supply chain and the security of minerals supply.



EOS has been engaging with a US multinational corporation which is held in the Scheme's corporate credit portfolio. In 2017, EOS requested enhanced disclosure of the company's lobbying activities, including company policies and payments used for direct and indirect lobbying as well as grassroots lobbying at the state and local levels. The company has since provided some disclosure of lobbying activities and transparency of trade association memberships. However, it lacked an aggregated list of itemised payments, instead referring to regulatory filings on government websites. EOS continued to request enhanced disclosures and in 2022 shared with the company the Global Climate Lobbying Standard. It followed up in 2023 with a letter to the board explaining that the company's disclosure of lobbying activities remains misaligned with investor expectations. EOS continues to request enhanced disclosure of lobbying activities, alongside engaging with the company on issues such as health and safety, human capital management and climate change.

One of the Scheme's sovereign bond managers has been collaborating with industry partners in the development of ASCOR (Assessing Sovereign Climate-related Opportunities), a framework for investors to understand sovereign exposure to climate risk and government plans to transition to a low carbon economy. It considers emissions pathways, climate policies and funding opportunities. 25 pilot countries have been identified, covering nearly 70% of global greenhouse gas emissions and large portions of major sovereign bond indices. The intention is to expand the coverage to include up to 70-100 countries in the coming years, with the aim of improving issuer reporting and allowing investors to have a more informed engagement dialogue with issuers.

One of the Scheme's private credit managers has been engaging with the investment managers it works with on material ESG risks, including market-wide/systemic risks such as climate change. The manager hosted a number of workshops to allow investment managers to network, share insights and collaborate. One such workshop covered voluntary carbon markets, offset procurement and advanced carbon strategies for financial products. Attendees were educated on the state of the voluntary carbon markets, setting a carbon credit procurement strategy, and potential ways to internalise the cost of carbon.

One of the Scheme's infrastructure fund managers has been engaging with portfolio companies on carbon emissions reporting. Following lessons learnt from the previous year, it has implemented a targeted engagement approach to improve data quality. This included a series of webinars with the portfolio company management teams supported by guidance materials. The key focus was on improving the response rate and collecting asset-level data for Scope 1 and 2 emissions. The manager engaged a specialist adviser to verify submissions supplemented with proxy information for missing data. The manager has also increased efforts to improve accuracy of Scope 3 data. This has resulted in improved data collection having achieved a 100% response rate from projects within the Fund compared to 63% in 2019.

One of the Scheme's direct property managers has been developing its approach to improving biodiversity. New trees are being planted across the property portfolio where appropriate to each site and dependent on service charge budgets. Biodiversity principles are being integrated into procurement of landscaping contracts. Any new planting will be specified to include habitat and food supporting species with a preference for native plants where suitable to the location. The collection of additional biodiversity metrics is being trialled to better manage and measure improvements to biodiversity.

One of the Scheme's property fund managers has formulated ESG business plans for each asset in its portfolio. For example, a German retail park was previously heated by an oil-based boiler system. As the equipment approached the end of its life, and ahead of the introduction of carbon taxes for fossil fuel heating consumption, the oil boilers have been replaced by connecting the retail park to the local district heating system. The switch to district heating reduces the carbon emissions from heating by 38%. The district heating system is largely powered by fossil fuels today, however it will decarbonise over time, with the operator drawing heating energy from geothermic facilities and a new heat pump in the Rhine river.

One of the Scheme's private equity managers has continued to support its portfolio companies to conduct carbon footprints for the third year in a row. It has introduced a new reporting platform and offered additional support for portfolio companies to report on their Scope 1 and 2 emissions as a minimum and Scope 3 emissions where possible. Results are shared with the portfolio companies, highlighting emissions hotspots and opportunities for reduction. For example, for software companies this largely resides in data centres which use large amounts of electricity to process and store data. The manager also advocates for companies to set science-based targets (SBTs) for reducing carbon emissions. Five of its portfolio companies have formally committed to set SBTs, requiring them to have targets validated by the SBTi, 24 months after the commitment was made.



Summary of voting activity

The Scheme aims to exercise all of its votes at all company meetings, where it is practical to do so. Voting rights are attached to listed equity investments. EOS manages voting on behalf of the Scheme for the segregated mandates managed by Baillie Gifford and Sanders. For the pooled fund managed by State Street, the manager has discretion to vote according to its in-house policy.

A summary of voting activity during the year to 31/12/2023 is set out below.

| | EOS | State Street (passive) |
|--|-------|---------------------------|
| % of Scheme's listed equities at 31/12/2023* | 86% | 14% |
| Number of votable meetings | 94 | 6,531 |
| Number of votable proposals | 1,374 | 63,679 |
| Resolutions voted on | 96% | 96% |
| Votes with management** | 81% | 88% |
| Votes against management** | 18% | 16% |
| Votes abstained** | 0% | 1% |

*Figures refer to the percentage of total market value of listed equity holdings

**Figures may not total 100% due to reasons such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots voted differing ways, or a vote of 'Abstain' also considered a vote against management.

Voting in Segregated funds: EOS at Federated Hermes

EOS conducted voting on behalf of the Scheme for the active listed equity investments managed by Baillie Gifford and Sanders Capital. Quarterly voting disclosure reports, including rationales for all votes against management, and an annual voting and engagement report are provided by EOS and made available on the Scheme website.

EOS provides voting recommendations to clients in collaboration with Institutional Shareholder Services Inc. (ISS), leveraging its primary research and infrastructure (including the ISS ProxyExchange platform) to provide recommendations on approximately 10,000 shareholder meetings annually. EOS provides the Scheme with regular voting updates and alerts to controversial votes, allowing the Scheme to review and overrule the recommendations if necessary. EOS recommends votes according to its [Global Voting Guidelines](#) which can be found on the [EOS website](#).

The Trustee has identified climate change as a key stewardship priority and this continues to be a significant theme addressed by EOS in its voting recommendations during the past year. EOS engagement and voting guidelines remained focused on companies having a strategy aligned with the Paris Agreement, seeking to limit climate change to 1.5°C, together with aligned financial accounts and political lobbying. EOS considered recommending votes against directors at companies identified as laggards in managing climate-related risks, using region and sector-specific thresholds and various climate risk indicators. The following examples of significant votes have been included as they relate to the Scheme's stewardship priority of climate change.

In May 2023, the AGM of a Canadian energy company included a shareholder proposal requesting that it report on how its capital expenditure plans align with its 2030 emissions reductions target and its 2050 net zero pledge. At the date of the vote the Scheme's holding represented by EOS was c.£5.8m (0.04% of Scheme assets). EOS communicated its voting recommendations to the company ahead of the AGM. EOS recommended a vote in favour of the resolution with the rationale that it supported more robust management of climate-related risks and opportunities. The resolution received 18% of the vote. EOS continues to engage actively with the company on its emissions reduction targets and alignment with the 1.5°C Paris Agreement goal.



In June 2023, the AGM of a Japanese multinational bank included a shareholder proposal requesting disclosure of a transition plan to align lending and investment portfolios with the goals of the Paris Agreement. At the date of the vote the Scheme's holding represented by EOS was c.£2.3m (0.02% of Scheme assets). EOS communicated its voting recommendations to the company ahead of the AGM. EOS recommended a vote in favour of the resolution with the rationale that it supported more robust management of climate-related risks and opportunities. The resolution was not approved. EOS continues to engage actively with the company on investor expectations for the banking sector on climate change and alignment with the 1.5°C Paris Agreement goal.

Voting in Pooled funds: State Street (passive)

State Street has contracted ISS to manage the voting process at shareholder meetings, however all voting decisions are undertaken in accordance with in-house guidelines. Further details of State Street's voting policy and procedures can be found on the [State Street website](#).

In May 2023, the AGM of a different Canadian energy company included a shareholder proposal requesting the company to adopt, within a year, Scope 1 and 2 absolute emissions reduction targets. At the date of the vote the approximate size of the holding was 0.02% of the pooled fund (c.0.01% of Scheme assets). This vote has been identified as significant as it relates to the Scheme's stewardship priority of climate change.

State Street voted against the shareholder resolution with the rationale that it saw "an opportunity for enhanced disclosure on several items including the company's decarbonization strategy and board oversight of climate risk. Such disclosures would help investors better understand how the company is responding to climate-related transition risks and opportunities and its efforts to achieve its stated climate goals. While the company can improve climate-related disclosure in line with our expectations and industry best practice, we view the narrow time horizon of this proposal and request to adopt a medium-term absolute emissions reduction targets to be overly prescriptive. The company has adopted an intensity based 2030 GHG target and has committed to further target-setting. As such, rather than supporting this proposal, we voted against an independent director given the company's oversight and responsiveness on climate-related disclosures and our expectations with respect to board gender diversity." State Street does not publicly communicate votes in advance. The shareholder resolution was not approved, receiving c.5% of votes in favour. State Street is seeking to continue its engagement with the company on climate-related issues in advance of the 2024 AGM.

Custody

Custody of securities held in segregated mandates is with HSBC Bank plc. Securities are normally registered in the name of the nominee of the custodian or its sub-custodians, but this is subject to local market practice, regulations and law. Through HSBC, UK securities (CREST) are specifically registered in a segregated style allowing clear identification of the Scheme's specific assets. Such designation is a practice recommended in the Myners report for the Shareholder Voting Working Group, looking at various aspects of corporate governance.

The Trustee monitors the administration and processing of investment transactions by the custodian. The controls in place to secure safe custody are subject to both internal and external audit testing, the findings of the latter being published in HSBC's ISAE 3402 statement for the year ended 30 September 2023.

The deeds for all UK properties are held by the Scheme's property solicitors, CMS Cameron McKenna Nabarro Olswang LLP in England and Wales and Brodies LLP in Scotland.

Custody of other assets held in pooled investment vehicles is determined by the individual fund managers and diversified across the range of their mandates.

Employer related investments

The Scheme holds an investment of 1,053 units in the White City Property Unit Trust at the year end. The units derive their value from the reversionary value of the underlease granted to the Scheme sponsor for 30 years expiring in March 2035. The value of this investment represents less than 0.1% of the Scheme's net assets.



Distribution of investments – by mandate and manager

The following table shows the value of assets under management as at 31 March 2024.

| | £m | £m | % | % |
|--|---------|----------|------|------|
| Global equities | | | | |
| Baillie Gifford and Co | 155.1 | | 1.1 | |
| Sanders Capital, LLC | 228.0 | | 1.7 | |
| State Street Global Advisors Ltd (passive) | 61.7 | | 0.4 | |
| LGIM Futures | 91.8 | | 0.7 | |
| Liability Matching Bonds | | 536.6 | | 3.9 |
| Legal and General Assurance (Pensions Management) Ltd | 3,942.2 | | 28.6 | |
| Pimco Europe Ltd (Sterling Corporate Bonds) | 777.6 | | 5.6 | |
| Pimco Long Duration | 288.3 | | 2.1 | |
| M&G Investment Management Ltd | 1,024.4 | | 7.4 | |
| | | 6,032.5 | | 43.8 |
| Return Seeking Bonds | | | | |
| 17 Capital | 83.4 | | 0.6 | |
| GS & Co Mezzanine Advisors | 248.4 | | 1.8 | |
| Colchester Global Investors Ltd | 197.4 | | 1.4 | |
| M&G Investment Management Ltd | 16.9 | | 0.1 | |
| ICG Alternative Investments Ltd | 802.5 | | 5.8 | |
| GreenOak Real Estate Advisors LLP | 218.5 | | 1.6 | |
| Libremax Capital LLC | 201.0 | | 1.5 | |
| | | 1,768.1 | | 12.8 |
| Private Markets (Including alternative matching assets) | | | | |
| Aberdeen UK Infrastructure Partners, LP | 156.6 | | 1.1 | |
| Asper Investment Management | 79.6 | | 0.6 | |
| BlackRock UK Long Lease Property Fund | 182.9 | | 1.3 | |
| BlackRock Renewables Fund | 161.6 | | 1.2 | |
| Dalmore Capital | 99.2 | | 0.7 | |
| Cabot Square | 81.1 | | 0.6 | |
| Greencoat Solar L.P | 468.0 | | 3.4 | |
| GS & Co Mezzanine Advisors | 280.6 | | 2.0 | |
| Hg Pooled Management | 459.3 | | 3.3 | |
| Hony Capital Fund L.P | 8.3 | | 0.1 | |
| Infracapital Partners | 171.2 | | 1.2 | |
| InfraRed Capital Partners Ltd | 84.3 | | 0.6 | |
| KKR & Co LLP | 88.3 | | 0.6 | |
| NAVIS Capital Partners | 200.0 | | 1.5 | |
| Macquarie Financial Products Management Ltd | 494.9 | | 3.6 | |
| M&G Investment Management Ltd (Inflation Linked) | 303.6 | | 2.2 | |
| PGSFIII GP Ltd | 1.0 | | 0.0 | |
| Sun Capital Partners, Inc | 31.8 | | 0.2 | |
| Warburg Pincus LLC | 78.7 | | 0.6 | |
| UK-CBRE Global Investors Ltd | 639.7 | | 4.6 | |
| UK- Orchard Street Investment Management Ltd | 325.3 | | 2.4 | |
| USA- Grosvenor Americas Ltd | 355.1 | | 2.6 | |
| Employer related property | 17.3 | | 0.1 | |
| Europe- CBRE Global Collective Investors UK Ltd | 3.4 | | 0.0 | |
| Europe- Pan European Property Unit Trust | 46.4 | | 0.3 | |
| | | 4,818.2 | | 35.0 |
| Absolute Return | | | | |
| Cambridge Associates Ltd | 370.3 | | 2.7 | |
| Orchard Global Asset Management Ltd | 131.8 | | 1.0 | |
| Prisma Capital Partners | 8.7 | | 0.1 | |
| Securis Investment Partners | 0.6 | | 0.0 | |
| | | 511.4 | | 3.7 |
| Currency Overlay | | | | |
| Legal & General Assurance (Pensions Management) Ltd | (9.4) | (9.4) | | 0.1 |
| Miscellaneous cash balances and other assests/liabilities | 201.9 | 201.9 | 1.5 | 1.5 |
| Canada Life Longevity Swap | (83.5) | (83.5) | 0.6 | 0.6 |
| Total investments (excluding AVCs) | | 13,775.8 | 100 | 100 |

Unquoted securities

The Scheme has several portfolios of unquoted securities. By their very nature, the companies in which the investments are held tend to be small and the Scheme's proportionate holdings in these companies are greater than would be the case for quoted companies.

Property

At 31 March 2024 the Scheme owned 70 properties (2023: 71 properties) in the UK, with a total market value of £953.3m (2023: £970.4m) 92%, by value being freehold and the remainder held on leases exceeding 100 years. Properties are let on leases subject to regular rent reviews not later than 2028.



Statement of Trustee's responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102), are the responsibility of the Trustee. Pension Scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in the Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparing of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control. The Trustee is responsible for the maintenance and integrity of the corporate and financial information included on the Scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid.

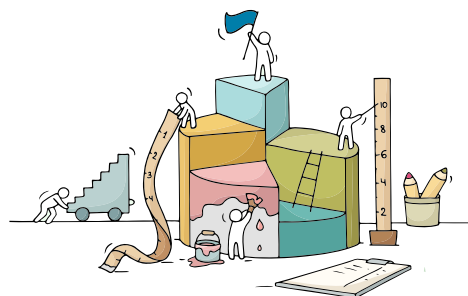
The Trustee is also responsible for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Further information

Further information about the Scheme is available from the Secretary, BBC Pension and Benefits Centre, Central Square, Cardiff CF10 1FT or on bbc.co.uk/mypension (email: mypension@bbc.co.uk).

For and on behalf of BBC Pension Trust Limited

Rachel Hallett
Secretary
4 June 2024



Fund Account for the year ended 31 March 2024

| | | 2024 | | 2023 | |
|--|-------|---------|----------|-----------|-----------|
| | Notes | £m | £m | £m | £m |
| Contributions and benefits | | | | | |
| Contributions | | | | | |
| • Employer | 2 | 170.7 | | 239.7 | |
| • Employee | 2 | 2.5 | | 1.4 | |
| Total contributions | | | 173.2 | | 241.1 |
| Benefits paid or payable | 3 | (550.1) | | (496.6) | |
| Payments to and on account of leavers | 4 | (13.2) | | (62.7) | |
| Administrative expenses | 5 | (8.6) | | (9.6) | |
| | | | (571.9) | | (568.9) |
| Net withdrawals from dealings with members | | | (398.7) | | (327.8) |
| Returns on investments | | | | | |
| Investment income | 6 | 315.1 | | 329.3 | |
| Investment management expenses | 8 | (18.3) | | (20.1) | |
| Change in market value of investments | 9 | (800.0) | | (5,059.9) | |
| Net return on investments | | | (503.2) | | (4,750.7) |
| Net (decrease) in the fund | | | (901.9) | | (5,078.5) |
| Opening net assets | | | 14,748.2 | | 19,826.7 |
| Closing net assets | | | 13,846.3 | | 14,748.2 |

The notes on pages 20 to 41 form part of the financial statements.



Statement of Net Assets (available for benefits) as at 31 March 2024

| | | 2024 | 2023 | | |
|--|-------|-----------|-----------|-----------|-----------|
| | Notes | £m | £m | £m | £m |
| Investment assets | | | | | |
| Bonds | 9 | 8,618.1 | | 9,680.2 | |
| Equities | 9 | 367.5 | | 446.4 | |
| Property | 11 | 953.3 | | 970.4 | |
| Pooled Investment Vehicles | 12 | 6,196.4 | | 6,751.2 | |
| Derivatives | 13 | 254.1 | | 538.9 | |
| AVC investments | 15 | 70.5 | | 72.9 | |
| Cash | 16 | 337.2 | | 293.4 | |
| Other investment assets | 17 | 52.2 | | 38.8 | |
| Amounts receivable under reverse repurchase agreements | 17 | 1,115.5 | | 1,281.1 | |
| | | | 17,964.8 | | 20,073.3 |
| Investment liabilities | | | | | |
| Bonds | 9 | (1,116.8) | | (1,233.5) | |
| Derivatives | 13 | (159.4) | | (301.5) | |
| Longevity Swap | 14 | (83.5) | | (82.5) | |
| Other investment liabilities | 17 | (83.4) | | (139.2) | |
| Amounts due under repurchase agreements | 17 | (2,693.8) | | (3,588.5) | |
| | | | (4,136.9) | | (5,345.2) |
| Total net investments | | | 13,827.9 | | 14,728.1 |
| | | | | | |
| Current assets | 18 | 31.4 | | 34.1 | |
| Current liabilities | 18 | (13.0) | | (14.0) | |
| Net current assets | | | 18.4 | | 20.1 |
| Total Net Assets available for benefits | | | 13,846.3 | | 14,748.2 |

The notes on pages 20 to 41 form part of the financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the report on actuarial liabilities on page 6 of the annual report and these financial statements should be read in conjunction with this report.

The Financial Statements on pages 20 to 41 were approved by the Board of the Trustee Board on 4 June 2024 and signed on its behalf by:

**Trustee
Director**

**Trustee
Director**



Notes to the Financial Statements for the year ended 31 March 2024

The BBC Pension Scheme (the Scheme) is a UK registered occupational pension scheme established as a trust under English law.

The Scheme provides retirement benefits for its members, who are, or were, employees within the BBC or other companies within the BBC group. The Scheme's principal place of business is: Pension and Benefits Centre, Central Square, Cardiff CF10 1FT.

Basis of preparation

(a) Compliance with SORP

The individual financial statements of the Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised 2018) ("the SORP").

(b) Scope of Financial Statements

The Financial Statements summarise the transactions and net assets of the Scheme. They do not take account of the liabilities to pay pensions and other benefits in the future. The actuarial position of the fund is dealt with by the Actuary in her Certificates on page 47.

(c) Subsidiary undertaking

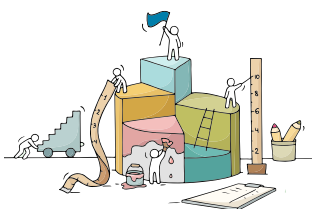
In accordance with the SORP, no consolidated financial statements have been prepared as the statutory framework for pension scheme financial reporting does not require consolidation. BBC Pension Investment Limited has not been consolidated on grounds of materiality and there is no material impact on the assets of the scheme of non-consolidation.

(d) Significant accounting estimates and judgements

In determining the fair value of certain illiquid assets the Scheme relies on valuation methodologies that may include discounted cash flow analysis, publicly quoted comparables, recent arms-length transactions and other valuation techniques commonly used by market participants. The techniques and judgements required to calculate the valuations of these illiquid assets are inherently less certain than those used to value quoted assets.

Examples would include RICS valuation guidelines for Property and the International Private Equity Valuation (IPEV) guidelines.

The Scheme is the sole investor in a number of limited partnerships (LPs). Assessing whether the Scheme controls them requires judgement. The investments do not permit the Trustee to set the annual budget and financial plan, appoint and remove senior executives or set operating procedures and responsibilities. As such, the partnership interest has been included in these financial statements as a financial asset and has not been consolidated. The Trustee has taken advice that the investment in the limited partnership is structured in such a way that the Trustee do not control these LPs.



1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented. The financial statements are prepared on an accruals basis.

(a) Foreign currency translation

The Scheme's functional currency and presentational currency is Sterling. The results and financial position of all entities are translated into Sterling as follows;

- Assets and liabilities are translated at the closing exchange rate on 31 March;
- Income and expenses are translated at the actual exchange rate on the date of transaction; and
- All resulting exchange differences are accounted for as part of the change in market value of investments.

(b) Contributions

- Normal contributions, both from the members and employers, are accounted for as they fall due under the Schedule of Contributions.
- Employee contributions paid by salary sacrifice are included as employer contributions.
- Additional and special contributions from the employers are accounted for in accordance with the agreement under which they are paid, or in the absence of such an agreement, when received. AVCs from the members are accounted for in the month that they are deducted from the payroll.
- Deficit recovery payments made by the employer are accounted for on the earlier of the due date as stipulated in the Schedule of Contributions and the date of receipt.

(c) Pensions and benefits

Pensions in payment are accounted for in the period to which they relate.

Members can choose whether to take their benefits as a pension or as a reduced pension and lump sum. Pensions and lump sums are accounted for on an accruals basis from the later of the date of retirement or the date the option is exercised.

Payments to leavers are accounted for when the member liability is discharged which is normally when the transfer amount is paid.

(d) Investment and cash deposits

Investments are valued at fair value and different policies are used which reflect the best estimate of fair value.

- Listed investments are included at the bid price of the quoted prices at 31 March.
- Investments held in quoted pooled investment vehicles are valued at the closing bid price as confirmed by the fund manager at 31 March.
- Unquoted securities and pooled investment vehicles are valued by the Trustee based on confirmed values recommended by the investment managers. Where confirmed valuation data is not available at 31 March, 31 December data is rolled forward for any subsequent cash flows and investment movements together with other factors considered to be appropriate in determining these values.
- UK freehold and leasehold properties are valued by Knight Frank LLP, Chartered Surveyors, in accordance with the RICS Valuation - Global Standards, which incorporate the International Valuation Standards, and the RICS UK National Supplement and are included at open market value. No depreciation is provided on freehold or long leasehold property.
- Exchange traded futures contracts are stated at market value. For those contracts which are assets, market value is based on quoted bid prices; for those which are liabilities, market value is based on quoted offer prices.
- Swap valuations are calculated using pricing models where inputs are based on market value. Net receipts or payments are reported within change in market value.



- Options are valued at their mark-to-market value.
- Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- Accrued interest is excluded from the market value of fixed interest securities but is included in accrued investment income.
- Investment management expenses are accounted for on an accruals basis. Acquisition costs are included in the purchase cost of investments.
- Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees.
- AVC investments are included at valuations provided by the AVC providers as at 31 March where available or 31 December. Where valuations are as at 31 December, these are updated for subsequent receipts and payments as indicated by the Scheme's records.
- Under repurchase (repo) arrangements, the Scheme continues to recognise and value the securities that are delivered out as collateral and includes them in the Financial Statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a liability.
- Under reverse repurchase agreements, the Scheme does not recognise the securities received as collateral in its Financial Statements. The Scheme does recognise the cash delivered to the counterparty as a receivable in the Financial Statements.
- The longevity swap is valued independently at fair value as the difference between the present value of the expected future cash flows arising under the swap (i.e. the difference between the fixed leg and floating leg), discounted using market interest rates. At inception on 1 July 2020, the fair value of the longevity swap was nil since no consideration passed between the Scheme and the counterparty, Canada Life Reinsurance. For the year ended 31 March 2024 the Trustee has engaged Aon Solutions UK Limited to provide a valuation for the longevity swap to allow for changes in demographic assumptions since 1 July 2020.
- BBCAF, the Scheme's US property joint venture is valued at 31 March and translated at the year-end rate adjusted for cash flows.

(e) Transfers

Transfer values represent the capital sums payable to the pension arrangements for members who have left the Scheme. They are accounted for when the receiving scheme has agreed to accept the liabilities in respect of the transferring members, which is typically on a cash basis.

(f) Income from investments

The different sources of investment income are recognised as follows:

- Dividends on equities on an ex-div basis.
- Interest (including that on Bonds) on an accruals basis.
- Property rents on an accruals basis.
- Investment income arising from the underlying investments of pooled investment vehicles is reinvested within the vehicles and reflected in the unit price. It is therefore reported within "change in market value".

(g) Expenditure

Administrative expenses are recognised on an accruals basis.





2. Contributions

In accordance with the Schedule of Contributions (SOC) dated 19 June 2020 (which was agreed following the 1 April 2019 actuarial valuation), the rate of employers' contributions in respect of future service accrual was 42.3% of pensionable salaries, inclusive of contributions under the matching provisions of the AVC Plus arrangement. Most members' contributions were paid by salary sacrifice (Smart Pensions).

Following the actuarial valuation of the Scheme as at 1 April 2022 the rate of employers future service contributions was reviewed and an updated recovery plan and a new SOC was agreed between the Trustee and the BBC on 16 June 2023.

Under the SOC dated 16 June 2023, from 1 July 2023 the rate of employers' contributions in respect of future service accrual reduced from 42.3% to 30.0% of pensionable salaries and is payable only for active Scheme members below normal pension age (with some limited exceptions). As explained below, a new recovery plan and SOC was agreed between the Trustee and the BBC on 4 June 2024. The rate of employers' contributions in respect of future service accrual remains under that new SOC as 30.0% of pensionable salaries.

| | 2024 | 2023 |
|---|--------------|--------------|
| | £m | £m |
| Members - normal | 0.1 | 0.2 |
| - other employee contributions | 2.3 | 1.1 |
| - additional voluntary | 0.1 | 0.1 |
| | 2.5 | 1.4 |
| Employers - normal | 108.1 | 141.2 |
| - salary sacrifice employee normal | 20.6 | 21.1 |
| - salary sacrifice added years | 0.2 | 0.3 |
| - salary sacrifice additional voluntary | 1.1 | 1.1 |
| - deficit recovery payment | 40.0 | 75.0 |
| - augmentations | 0.3 | 0.1 |
| - additional voluntary | 0.1 | 0.1 |
| - PPF levy | 0.3 | 0.8 |
| | 170.7 | 239.7 |
| | 173.2 | 241.1 |

To eliminate the funding shortfall of £841m revealed by the valuation as at 1 April 2022, the Trustee agreed with the BBC (as set out in the SOC dated 16 June 2023) that additional fixed amount contributions would also be paid to the Scheme or to an Escrow Account by participating employers in accordance with this table:

| Scheme year ending | Cash Deficit Contributions (£m)* | | Contingent Deficit Contributions (£m)** |
|---------------------------|---|-----------------------------------|--|
| | Paid to the Scheme | Paid to the Escrow Account | Paid to the Escrow Account |
| 31 March 2024 | 50 Less the Future Service Adjustment** | - | - |
| 31 March 2025 | 50 | - | - |
| 31 March 2026 | 50 | - | 149 |
| 31 March 2027 | - | 50 | 149 |
| 31 March 2028 | - | 50 | 149 |
| 31 March 2029 | - | 38 | 111 |

* Under the SOC dated 16 June 2023, the annual Cash Deficit Contributions are generally payable monthly in 12 equal instalments.

**The "Future Service Adjustment" is the difference between Employer contributions of 42.3% and 30% of Pensionable Salary for the period from 1 April 2023 to 30 June 2023. This amounted to £10m which resulted in £40m being received by the Scheme.

***"Contingent Deficit Contributions" are payable unless the Scheme Actuary certifies that these contributions are not required; the terms on which this certification will be made are set out in the SOC. The Scheme Actuary may certify that a lower amount than shown above is required, in which case that lower amount is payable.



A new recovery plan and SOC was agreed between the Trustee and the BBC on 4 June 2024. Under this new SOC, it was agreed that the Cash Deficit Contributions payable to the Scheme in respect of the months June 2024 to March 2025 inclusive will be payable as a lump sum (of £41.67m) on 31 March 2025 rather than being payable in monthly instalments. No other changes to the payment obligations under the SOC dated 16 June 2023 were made as a result of this new SOC dated 4 June 2024.

3. Benefits paid or payable

| | 2024 | 2023 |
|------------------------------|-------|-------|
| | £m | £m |
| Pensions | 510.6 | 465.6 |
| Lump sum retirement benefits | 27.5 | 20.9 |
| Lump sum death benefits | 2.5 | 2.4 |
| Lump sum AVC benefits | 9.5 | 7.7 |
| | 550.1 | 496.6 |

4. Payments to and on account of leavers

| | 2024 | 2023 |
|--------------------------|------|------|
| | £m | £m |
| Refunds of contributions | 1.7 | 2.7 |
| Transfers out | 11.5 | 60.0 |
| | 13.2 | 62.7 |

5. Administrative expenses

| | 2024 | 2023 |
|------------------------------|------|------|
| | £m | £m |
| Administration - staff costs | 4.0 | 3.8 |
| Administration - other costs | 3.4 | 3.7 |
| Actuarial fees | 0.6 | 1.0 |
| Audit fees | 0.1 | 0.1 |
| Pension Protection Fund levy | 0.5 | 1.0 |
| | 8.6 | 9.6 |

6. Investment income

| | 2024 | 2023 |
|--|---------|--------|
| | £m | £m |
| Bonds | 137.9 | 126.7 |
| Interest rate swap income | 14.0 | (1.4) |
| Equities | 198.5 | 195.2 |
| Property | 59.2 | 60.9 |
| Interest on cash deposits | 11.9 | 8.2 |
| Interest paid on repurchase agreements | (112.8) | (63.2) |
| Other income | 6.4 | 2.9 |
| | 315.1 | 329.3 |



7. Taxes on investment income

Overseas investment income is stated net of withholding taxes.

8. Investment management expenses

The following amounts were payable in respect of investment services:

| | 2024 | 2023 |
|--|------|------|
| | £m | £m |
| Investment management – equity and bonds | 8.0 | 8.9 |
| Investment management – property | 2.4 | 2.5 |
| Custody | 0.9 | 0.9 |
| Other investment expenses | 7.0 | 7.8 |
| | 18.3 | 20.1 |

All investment management fees incurred in pooled investment vehicles are charged within those funds and are reported in 'Change in market value of Investments' in the Fund Account.



9. Reconciliation of investments

| | Market value at 1 April 2023 | Purchases at cost and derivative payments | Sale proceeds and derivative receipts | Change in market value | Market value at 31 March 2024 |
|--|------------------------------------|--|--|------------------------------|--|
| | £m | £m | £m | £m | £m |
| Bonds | 8,446.7 | 3,079.3 | (3,180.4) | (844.3) | 7,501.3 |
| Equities | 446.4 | 59.1 | (209.6) | 71.6 | 367.5 |
| Bonds and Equities- Pooled Investment Vehicles | 285.4 | 2.5 | (50.6) | 24.0 | 261.3 |
| Property | 970.4 | 22.9 | (2.5) | (37.5) | 953.3 |
| Pooled Investment Vehicles - Property | 545.8 | 0.0 | (28.0) | (95.7) | 422.1 |
| Pooled Investment Vehicles - Unquoted | 5,920.0 | 322.1 | (683.2) | (45.9) | 5,513.0 |
| Derivatives | 237.4 | 493.4 | (764.6) | 128.4 | 94.6 |
| Longevity Swap | (82.5) | 5.8 | - | (6.8) | (83.5) |
| AVC Investments | 72.9 | 1.3 | (10.1) | 6.4 | 70.5 |
| Total | 16,842.5 | 3,986.4 | (4,929.0) | (799.8) | 15,100.1 |
| Cash | 293.4 | | | (0.2) | 337.2 |
| Other investment balances and amounts receivable under re-purchase agreements | (2,407.8) | | | | (1,609.4) |
| | 14,728.1 | | | (800.0) | 13,827.9 |

Derivative payments and receipts are recognised in the table as follows:

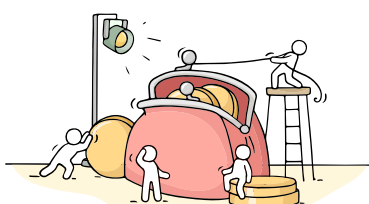
Options - premiums paid and received are reported as payments or receipts together with any close-out costs or proceeds arising from early termination;

Futures - on close out or expiry of the futures contract, the variation margin balances held in respect of unrealised gains or losses are recognised as cash receipts or payments, depending on whether there is a gain or loss;

Swaps - the payments or receipts from any close-out costs or proceeds arising on early termination;

Forward foreign exchange - the forward foreign exchange trades settled during the year; and

Longevity Swap - The longevity swap is valued independently at fair value as the difference between the present value of the expected future cash flows arising under the swap (i.e. the difference between the fixed leg and floating leg), discounted using market interest rates.



10. Transaction costs

| | Fees | Commissions | Taxes | 2024 Total | 2023 Total |
|--------------|-------------|--------------------|--------------|-----------------------|-----------------------|
| | £m | £m | £m | £m | £m |
| Equities | - | 0.1 | 0.1 | 0.2 | 0.5 |
| Property | - | 0.1 | - | 0.1 | 0.9 |
| Total | 0.0 | 0.2 | 0.1 | 0.3 | 1.4 |

Transaction costs are included in the cost of purchases and deducted from sale proceeds and shown under “Change in market value” in the Fund Account on page 18.

Direct transaction costs are analysed above.

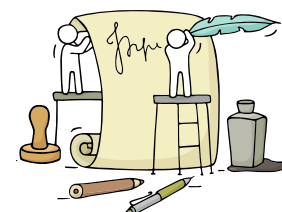
Indirect costs such as bid/offer spread costs and costs charged within pooled investment vehicles are also shown under “Change in market value” in the Fund Account but it has not been possible to quantify such costs separately.

11. Property

UK property investments

| | 2024 £m | 2023 £m |
|---|--------------------|--------------------|
| Freehold and long leasehold properties: | | |
| Offices | 81.2 | 84.2 |
| Industrial | 388.4 | 389.7 |
| Shops | 69.3 | 64.7 |
| Retail warehouses | 157.4 | 159.2 |
| Hotels / other | 257.0 | 272.6 |
| | 953.3 | 970.4 |

The properties have been valued by Knight Frank LLP as qualified surveyors and in accordance with the RICS valuation - Global Standards, which incorporate the International Valuation Standards, and the RICS UK National Supplement. The properties are all held for investment purposes and have been valued on the basis of market value, defined within the valuation standards as: the estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.



12. Pooled investment vehicles

| | 2024 £m | 2023 £m |
|----------------------|------------|------------|
| Equity funds | 63.8 | 100.2 |
| Debt funds | 2,846.9 | 3,143.0 |
| Private equity funds | 1,080.5 | 1,051.8 |
| Infrastructure funds | 1,403.5 | 1,528.2 |
| Hedge funds | 379.6 | 382.2 |
| Property funds | 422.1 | 545.8 |
| | 6,196.4 | 6,751.2 |

As at 31 March the Scheme is the sole investor in a number of pooled investment vehicles. The table below provides information on the assets and liabilities of these investments.

31 March 2024

| | Greencoat Solar 1 LP | Macquarie MIDF UK1B LP | ICG-Longbow Senior Debt Investments No.1 LLP | ICG Senior Debt Partners LLP | Rendall Street Fund Ltd | Mount Street LP |
|---------------------|-------------------------|------------------------------|---|---------------------------------------|----------------------------------|--------------------|
| | £m | £m | £m | £m | £m | £m |
| Equity | 142.8 | - | - | - | 8.7 | 355.4 |
| Loans | 320.0 | 486.2 | 525.2 | 278.8 | - | - |
| Cash | 2.8 | 9.0 | 6.9 | 6.0 | - | 14.9 |
| Current Assets | 3.4 | - | 5.4 | - | - | - |
| Current Liabilities | (1.0) | (0.4) | (0.7) | (19.1) | - | - |
| Total | 468.0 | 494.8 | 536.8 | 265.7 | 8.7 | 370.3 |

31 March 2023

| | Greencoat Solar 1 LP | Macquarie MIDF UK1B LP | ICG-Longbow Senior Debt Investments No.1 LLP | ICG Senior Debt Partners LLP | Rendall Street Fund Ltd | Mount Street LP |
|---------------------|-------------------------|------------------------------|---|---------------------------------------|----------------------------------|--------------------|
| | £m | £m | £m | £m | £m | £m |
| Equity | 175.4 | - | - | - | 9.1 | 350.9 |
| Loans | 345.6 | 489.8 | 649.0 | 307.1 | - | - |
| Cash | 2.8 | 17.1 | 10.4 | 7.0 | - | 8.6 |
| Current Assets | 4.5 | - | - | - | - | - |
| Current Liabilities | (0.4) | (1.6) | (2.8) | (54.7) | - | - |
| Total | 527.9 | 505.3 | 656.6 | 259.4 | 9.1 | 359.5 |

Greencoat Solar 1 LP is an infrastructure fund.

Macquarie MIDF UK1B LP, ICG-Longbow Senior Debt Investments No.1 LLP and ICG SDP LLP are debt funds.

Rendall Street Fund Ltd (Prisma Capital Partners) and Mount Street LP (Cambridge Associates) are absolute return funds.

The Scheme also invests in BBCAF Inc, a wholly owned property investments subsidiary; see note 19.



13. Derivatives

| | 2024 | | 2023 | |
|-----------------------------------|--------|-------------|--------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| | £m | £m | £m | £m |
| Exchange traded | | | | |
| Futures | 1.1 | (0.2) | 1.6 | (2.1) |
| Over-the-counter contracts | | | | |
| Forward foreign currency | 5.0 | (15.2) | 88.2 | (0.0) |
| Interest rate swaps | 107.3 | (95.3) | 67.9 | (89.7) |
| Inflation rate swaps | 48.6 | (48.7) | 309.7 | (209.6) |
| Credit default swaps | 0.3 | (0.0) | 0.1 | (0.1) |
| Options | 91.8 | (0.0) | 71.4 | (0.0) |
| | 254.1 | (159.4) | 538.9 | (301.5) |

The objectives and policies for holding derivatives

The Trustee has authorised the use of derivative financial instruments as part of their investment strategy as follows:

Futures: to gain or reduce exposure to certain markets cost effectively;

Forward foreign currency: by some fund managers to hedge against adverse currency movements and by the Scheme to hedge against a fall in those currencies where the Scheme has significant equity and bond investments;

Swaps: to match the liability-driven element of the investment portfolio with the Scheme's long term liabilities (interest and inflation rate swaps) and to cost effectively gain or reduce exposure to certain markets (credit default and total return swaps); and

Options: to gain or reduce exposure to certain markets and to offer some additional downside protection in the case of market falls cost effectively.



Swaps and options

2024

| Type of Contract | Expiration | Nature of Swap | Notional Principal Long | Notional Principal Short | Asset £m | Liability £m |
|----------------------|------------------|---|-------------------------|--------------------------|----------|--------------|
| Interest Rate | Less than 31 yrs | Fixed for floating and floating for fixed | 58.5 | (1,805.7) | 107.3 | (95.3) |
| Inflation Swaps | Less than 15 yrs | Fixed for floating and floating for fixed | 1,075.0 | (847.8) | 48.6 | (48.7) |
| Credit Default Swaps | Less than 9 yrs | Various | 8.5 | - | 0.3 | - |
| Options | Less than 4 yrs | Equities | 385.1 | - | 91.8 | - |
| | | | 1,527.1 | (2,653.5) | 248.0 | (144.0) |

Swaps and options

2023

| Type of Contract | Expiration | Nature of Swap | Notional Principal Long | Notional Principal Short | Asset £m | Liability £m |
|----------------------|------------------|---|-------------------------|--------------------------|----------|--------------|
| Interest Rate | Less than 50 yrs | Fixed for floating and floating for fixed | 8.1 | (1,356.0) | 67.9 | (89.7) |
| Inflation Swaps | Less than 21 yrs | Fixed for floating and floating for fixed | 1,075.0 | (847.8) | 309.7 | (209.6) |
| Credit Default Swaps | Less than 41 yrs | Various | 16.1 | - | 0.1 | (0.1) |
| Options | Less than 3 yrs | Equities | 584.6 | - | 71.4 | - |
| | | | 1,683.8 | (2,203.8) | 449.1 | (299.4) |

Collateral held under derivative contracts as at 31 March 2024 was £10.8m (2023: £179.8m).

Collateral pledged under derivative contracts as at 31 March 2024 was £107.2m (2023: £90.1m). Collateral comprises UK gilts and US treasury bills.



Futures - Exchange Traded

2024

| Type of future | Expiry | Economic exposure value | Asset | Liability |
|----------------|--------------------|-------------------------|-----------|-------------|
| Fixed Interest | Less than one year | £m 234.7 | £m 1.1 | £m (0.2) |

Futures - Exchange Traded

2023

| Type of future | Expiry | Economic exposure value | Asset | Liability |
|----------------|--------------------|-------------------------|-----------|-------------|
| Fixed Interest | Less than one year | £m 190.7 | £m 1.6 | £m (2.1) |

The Scheme enters into exchange traded futures contracts to gain or reduce exposure to certain markets cost effectively.

Forward foreign exchange contracts

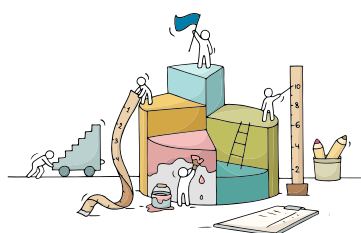
Forward foreign exchange contracts are used by some of the Scheme's fund managers to hedge against adverse currency movements and the Scheme operates a currency overlay programme to hedge against a fall in the currencies of the countries where it has significant equity and bond investments.

At 31 March 2024 the Scheme's fund managers had 9 open forward exchange contracts with durations all expiring on or before 2 May 2024. The Scheme had bought sterling against foreign currencies with a sterling equivalent value of £716.9m, sold sterling against foreign currencies with a sterling equivalent of £0.3m, and contracts with other currency pairs had a notional sterling equivalent value of £0.1m.

The principal net exposure in these contracts was the sale of US dollars against sterling (sterling equivalent: £460.2m).

Additionally, the Scheme operates a currency overlay programme, within which at 31 March 2024, it had sold the Euro: £476.3m, and the US Dollar: £1,930.5m all against sterling.

At 31 March 2024 the unrealised loss on positions within the overlay programme was £9.4m.



14. Longevity Swap

The longevity swap is valued independently at fair value as the difference between the present value of the expected future cash flows arising under the swap (i.e. the difference between the fixed leg and floating leg), discounted using market interest rates. At inception on 1 July 2020, the fair value of the longevity swap was nil since no consideration passed between the Scheme and the counterparty, Canada Life Reinsurance. As at 31 March 2024 the Trustee has engaged Aon Solutions UK Limited to provide a valuation for the longevity swap to allow for changes in demographic assumptions. This value, as shown in the Statement of Net Assets, is (£83.5m). As per the requirement of the contract, experience collateral of £85.2m has been posted as at 31 March 2024.

15. AVC Investments

The Trustee holds assets invested separately from the main Defined Benefit investments to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions.

Additional voluntary contributions are paid over to Santander UK plc and Fidelity Pensions Management, in accordance with the members' elections. Members no longer contribute towards Aviva. Members participating in this arrangement each receive an annual statement made up to 31 March confirming the amounts held in their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

| | 2024 | 2023 |
|------------------------------|------|------|
| | £m | £m |
| Santander UK plc | 8.2 | 8.8 |
| Fidelity Pensions Management | 55.7 | 56.2 |
| Aviva | 6.6 | 7.9 |
| | 70.5 | 72.9 |

16. Cash

| | 2024 | 2023 |
|------------------|-------|-------|
| | £m | £m |
| Sterling | 304.0 | 255.4 |
| Foreign currency | 33.2 | 38.0 |
| | 337.2 | 293.4 |

Sterling cash deposits were managed by BlackRock Advisors (UK) Ltd, the Scheme's cash manager, and Legal and General Assurance (Pensions Management) Ltd. Foreign currencies and some sterling balances were managed by the relevant investment and property managers.



17. Other investment assets and liabilities

| | 2024 £m | 2023 £m |
|--|------------|------------|
| Other investment assets | | |
| Amounts receivable under reverse repurchase agreements | 1,115.5 | 1,281.1 |
| Receivable on sales of securities | 39.7 | 31.0 |
| Accrued investment income | 6.0 | - |
| Tax recoverable | 2.5 | 4.1 |
| Other debtors | 4.0 | 3.7 |
| | 1,167.7 | 1,319.9 |
| Other investment liabilities | | |
| Amounts payable under repurchase agreements | (2,693.8) | (3,588.5) |
| Accrued investment income | - | (15.9) |
| Payable on purchases of securities | (62.7) | (101.8) |
| Other creditors | (20.7) | (21.5) |
| | 2,777.2 | (3,727.7) |

At the year end the Scheme pledged £183.1m against the repurchase agreements and held £13.6m with reverse repurchase agreements. This collateral comprises UK gilts and is not recognised in these financial statements.

18. Current assets and liabilities

| | 2024 £m | 2023 £m |
|-------------------------------|------------|------------|
| Current assets | | |
| Other debtors and prepayments | 31.4 | 34.2 |
| Current liabilities | | |
| Tax due | (7.5) | (8.5) |
| Benefits due | (2.0) | (2.3) |
| Other creditors | (3.5) | (3.2) |
| | 13.0 | (14.0) |



19. Subsidiary companies, joint ventures and other interests

The names of the subsidiary undertakings (directly and indirectly owned) of the Trustee are shown below together with the percentage of equity capital held by the Scheme, the year end date of the companies and their activities. These undertakings have no other material assets or liabilities other than the properties included below.

| Name of company and country of registration | % held directly | % held indirectly | Year end date | Activity |
|---|-----------------|-------------------|---------------|--------------------|
| BBCAF Inc (USA) | 100% | | 31 December | Investment Holding |
| BBCAF Chevy Chase LLC (USA) | 100% | | 31 December | Investment Holding |
| Grosvenor Urban Retail LLC (USA) | | 75% | 31 December | Investment Holding |
| 1900 Duke Street LLC (USA) | | 75% | 31 December | Investment Holding |
| Rice Lake Square LLC (USA) | | 75% | 31 December | Investment Holding |
| The Row Townhomes (LLC) (USA) | | 75% | 31 December | Investment Holding |
| Parklands North Creek (LLC) (USA) | | 75% | 31 December | Investment Holding |
| 5520 Wisconsin LLC (USA) | | 75% | 31 December | Investment Holding |
| Green Harris LLC (USA) | | 75% | 31 December | Investment Holding |

In addition, at 31 December 2023, BBCAF Inc was a 50% limited partner in seven limited liability companies.

The remaining 50% and 25% interests in the above entities are held by Grosvenor USA Limited or one of its wholly owned subsidiaries (Grosvenor).

At 31 March 2024 the Scheme's interest in these investments was £355.1m (2023: £467.8m), which is accounted for as an investment in a pooled investment vehicle. The assets and liabilities of BBCAF Inc at 31 March were:

| | 2024 £m | 2023 £m |
|------------------------------|--------------|--------------|
| Non-current assets | | |
| - pooled investment vehicles | 332.7 | 441.8 |
| Deferred tax | 12.0 | 13.0 |
| Current assets | 0.1 | 0.1 |
| Cash | 10.4 | 13.0 |
| Current liabilities | (0.1) | (0.1) |
| Net assets | 355.1 | 467.8 |

Grosvenor also serves as the asset manager for all of these investments.



20. Fair value determination

The Scheme's investment assets and liabilities have been analysed using the following fair value hierarchy:

Level 1 The quoted price for an identical asset or liability in an active market at the reporting date.

Level 2 When quoted prices are available but for similar assets or liabilities in active markets or identical or similar assets or liabilities in markets that are not active or where values are based on models where the inputs to those models are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 Where a quoted price is not a good estimate of fair value, the fair value is determined by using a valuation technique that is both unobservable and significant to the overall measurement of fair value.

At 31 March 2024

| | Level 1 £m | Level 2 £m | Level 3 £m | Total £m |
|----------------------------|---------------|---------------|---------------|-------------|
| Equities | 367.5 | - | - | 367.5 |
| Bonds | - | 7,494.0 | 7.3 | 7,501.3 |
| Property - directly held | - | - | 953.3 | 953.3 |
| Pooled investment vehicles | - | 261.4 | 5,935.0 | 6,196.4 |
| Derivatives | 191.8 | (109.7) | 12.5 | 94.6 |
| Longevity Swap | - | - | (83.5) | (83.5) |
| AVC investments | - | 55.7 | 14.8 | 70.5 |
| Other investment balances | (31.5) | - | - | (31.5) |
| Cash | 337.2 | - | - | 337.2 |
| Repurchase agreements | - | (1,577.9) | - | (1,577.9) |
| | 865.0 | 6,123.5 | 6,839.4 | 13,827.9 |

At 31 March 2023

| | Level 1 £m | Level 2 £m | Level 3 £m | Total £m |
|----------------------------|---------------|---------------|---------------|-------------|
| Equities | 446.4 | - | - | 446.4 |
| Bonds | - | 8,436.2 | 10.5 | 8,446.7 |
| Property - directly held | - | - | 970.4 | 970.4 |
| Pooled investment vehicles | - | 285.1 | 6,466.1 | 6,751.2 |
| Derivatives | 160.9 | (27.0) | 103.5 | 237.4 |
| Longevity Swap | - | - | (82.5) | (82.5) |
| AVC investments | - | 56.2 | 16.7 | 72.9 |
| Other investment balances | (100.4) | - | - | (100.4) |
| Cash | 293.4 | - | - | 293.4 |
| Repurchase agreements | - | (2,307.4) | - | (2,307.4) |
| | 800.3 | 6,443.1 | 7,484.7 | 14,728.1 |

Bond values are based on an average of broker prices and as this is a valuation technique the bonds are included in level 2. However, the Trustee consider these bonds to be very liquid.

Property asset valuations are prepared in accordance with RICS, see note 11.

Pooled investment vehicles which are traded regularly are generally included in level 2.

Pooled investment vehicles which contain unquoted assets such as private equity, infrastructure and



private credit are valued with reference to International Private Equity and Venture Capital valuation guidelines (IPEV).

Level 3 assets are valued in line with industry standard guidelines and examples include the RICS methodology for Property and the IPEV guidelines for Private Equity. At 31 March 2024 Direct and Pooled property was valued at £1,375.6m. A 5% fall would equate to £68.8m. Private Equity mandates were valued at £1,080.4m, a 5% fall would equate to £54.0m. Pooled debt funds were valued at £2,846.9, a 5% fall would equate to £142.3m.

21. Investment Risks

The Trustee is principally concerned with risks to the Scheme's long-term objectives of paying benefits as they fall due, and of being fully funded on a prudent basis within a fixed timescale. The Scheme's investment consultant conducts extensive asset liability modelling (ALM) which is reviewed in detail by the Trustee. The modelling considers the expected evolution over time of the Scheme's funding position on a Gilts +0.5% basis. The focus of the work has been not just to understand the average (i.e. median) outcome, but also to estimate the risk that the Scheme could be severely underfunded in the future.

The Trustee also looks at shorter term measures of risk such as scenario analysis, value at risk (VaR) and tracking error that model the sensitivity of the Scheme's funding position to market developments and can be updated more frequently than the ALM work.

The Trustee sets investment policy. It consults the BBC and take advice from the Scheme Actuary and their investment consultants. The Trustee engages independent members of the Investment Committee with relevant investment experience and are supported by an in-house investment team. The investment policy is reviewed at least annually.

The Trustee delegates responsibility for implementing investment policy to the Investment Committee. It appoints, monitors the performance of and removes investment managers. It oversees asset allocation and directs the cash flow of the Scheme amongst investment mandates, adjusting portfolios as necessary. It monitors, reviews and recommends changes to the Trustee's policies in respect of investment, corporate governance, socially responsible investment and engagement.

Further information on the Trustee approach to setting investment policy can be found below and in the Statement of Investment Principles (SIP).

Risk

The Trustee recognises that the Scheme is exposed to a number of investment and operational risks. They give qualitative and quantitative consideration to these risks when deciding investment policy, strategic asset allocation, the investment manager structure, choice of managers, the terms of their agreements and other aspects of the ongoing management of the Scheme. The quality of the sponsor's covenant is an integral consideration in determining the amount and nature of risk that it is appropriate for the Scheme to take.

FRS 102 requires the disclosure of information relating to credit risk and market risk.

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from currency or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Longevity Risk: This is the effect of increases in life expectancy of the Scheme members, which could cause more pension benefits to be payable for longer than previously anticipated.



Credit risk

At 31 March 2024

| | Investment grade | Non Investment grade | Unrated | Total |
|----------------------------|---------------------|----------------------------|---------|----------|
| | £m | £m | £m | £m |
| Bonds | 7,205.7 | 34.0 | 261.6 | 7,501.3 |
| OTC derivatives | 94.7 | - | - | 94.7 |
| Cash | 337.2 | - | - | 337.2 |
| Pooled investment vehicles | 1,830.4 | 1,016.5 | 3,349.5 | 6,196.4 |
| Longevity Swap | (83.5) | - | - | (83.5) |
| Property let to tenants | - | - | 870.0 | 870.0 |
| | 9,384.5 | 1,050.5 | 4,481.1 | 14,916.1 |

At 31 March 2023

| | Investment grade | Non Investment grade | Unrated | Total |
|----------------------------|---------------------|----------------------------|---------|----------|
| | £m | £m | £m | £m |
| Bonds | 8,131.3 | 34.8 | 280.5 | 8,446.6 |
| OTC derivatives | 237.4 | - | - | 237.4 |
| Cash | 293.4 | - | - | 293.4 |
| Pooled investment vehicles | 1,952.8 | 1,190.2 | 3,608.2 | 6,751.2 |
| Longevity Swap | (82.5) | - | - | (82.5) |
| Property let to tenants | - | - | 914.7 | 914.7 |
| | 10,532.4 | 1,225.0 | 4,803.4 | 16,560.8 |

The Scheme is subject to credit risk because it directly invests in bonds and over the counter (OTC) derivatives, has cash balances, enters into repurchase and reverse repurchase agreements and lets properties to tenants. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Scheme is also indirectly exposed to credit risk arising on the financial instruments held by the pooled investment vehicles.

Credit risk arising on bonds held directly is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade (BBB or above) The Scheme also invests in non-investment grade bonds where the risk is managed by diversification to limit the impact of default by any one issuer.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to the risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements (see note 13 on derivatives). Credit risk also arises on forward foreign currency contracts. There are no collateral arrangements for these contracts but all counterparties are required to be at least investment grade. Cash is held within financial institutions which are at least investment grade

Credit risk on repurchase agreements and the longevity swap is mitigated through collateral arrangements and at the year end £254.7m (2023: £765.1m) had been delivered to counterparties as collateral. Collateral comprises UK gilts.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring fenced from the pooled manager, the regulatory environments in which these managers operate and the diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager. Indirect credit risk is mitigated through diversification between managers and within funds through the managers' own credit control procedures.



| | 2024 | 2023 |
|--|---------|---------|
| | £m | £m |
| Shares of limited liability partnerships | 4,581.8 | 4,717.2 |
| Unit linked insurance contracts | 0.6 | 1.8 |
| Open ended investment companies | 747.7 | 978.6 |
| Authorised unit trusts | 511.2 | 585.8 |
| BBCAF property joint venture | 355.1 | 467.8 |
| | 6,196.4 | 6,751.2 |

Currency risk

At 31 March 2024

| | Direct exposure | Hedging | Net exposure after hedging |
|------------------|-----------------|-----------|----------------------------|
| | £m | £m | £m |
| Pounds (GBP) | 9,328.3 | 2,406.9 | 11,735.2 |
| Euros (EUR) | 1,106.2 | (476.3) | 629.9 |
| US Dollars (USD) | 3,355.4 | (1,930.6) | 1,424.9 |
| Other | 56.4 | - | 56.4 |
| | 13,846.3 | - | 13,846.3 |

At 31 March 2023

| | Direct exposure | Hedging | Net exposure after hedging |
|------------------|-----------------|-----------|----------------------------|
| | £m | £m | £m |
| Pounds (GBP) | 9,763.6 | 2,708.1 | 12,471.7 |
| Euros (EUR) | 1,106.6 | (469.0) | 637.6 |
| US Dollars (USD) | 3,805.4 | (2,239.1) | 1,566.3 |
| Other | 72.6 | - | 72.6 |
| | 14,748.2 | - | 14,748.2 |

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles (PIV). The Trustee limits overseas currency exposure through a currency hedging policy which seeks to partially hedge the major currency exposures (Euro and US dollar). The Scheme incurs indirect exposure to currency risk through the assets held within the Scheme's pooled investment vehicles. The value of such vehicles with exposure to foreign currencies is £3,425.3m (2023: £3,724.0m).



Interest rate risk

| | 2024 £m | 2023 £m |
|---------------------|------------|------------|
| Assets | | |
| Direct | | |
| Bonds | 7,501.3 | 8,446.6 |
| Interest Rate Swaps | 107.3 | 67.9 |
| Indirect | | |
| Bonds PIVs | 1,608.0 | 1,801.6 |
| Liabilities | | |
| Interest Rate Swaps | (95.3) | (89.7) |

The Scheme is subject to interest rate risk as the discount rates used to measure the Scheme's actuarial liabilities are derived from prevailing interest rates - the actuarial liabilities will rise as interest rates fall and fall as interest rates rise.

To mitigate this risk, the Trustee invest in assets such as bonds, that generate predictable long-term cash flows that will tend to rise in value if interest rates fall. If interest rates rise these investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

Other price risk

Other price risk arises principally in relation to the Scheme's return-seeking portfolio which includes directly held equities, equities held in pooled vehicles, equity futures, hedge funds, private equity and investment properties.

The Scheme manages this exposure to other price risk by holding a diverse portfolio of investments across various markets. Certain investments such as private equity and investment properties are less liquid but the marketability and liquidity of these assets has not been materially impacted by the current economic volatility.

| | 2024 £m | 2023 £m |
|-----------------------------------|------------|------------|
| Direct | | |
| Equities | 367.5 | 446.5 |
| Equity options | 385.1 | 584.6 |
| Investment properties | 953.3 | 970.4 |
| Indirect | | |
| Equity pooled investment vehicles | 61.7 | 99.6 |
| Hedge funds | 379.6 | 382.2 |
| Private markets | 3,562.8 | 3,764.8 |
| Investment property funds | 422.1 | 545.8 |

Longevity risk

The longevity swap is valued independently at fair value as the difference between the present value of the expected future cash flows arising under the swap (i.e. the difference between the fixed leg and floating leg), discounted using market interest rates. At inception on 1 July 2020, the fair value of the longevity swap was nil since no consideration passed between the Scheme and the counterparty, Canada Life Reinsurance. Given the length of time passed since inception, for the year ended 31 March 2024 the Trustee have engaged Aon Solutions UK Limited to provide a valuation for the longevity swap to allow for the impact of member experience since 1 July 2020.



22. Concentration of investments

No investments, other than UK Gilts, account for more than 5% of the Scheme's assets.

23. Employer related investments

The Scheme holds an investment of £17.3m in the White City Property Unit Trust at the year end. The investment value derives from the reversionary value of the underlease granted to the Scheme sponsor for 30 years expiring in March 2035. The value of this investment represents 0.1% of the Scheme's net assets (31 March 2023: £17.3m).

The Scheme is permitted to hold securities issued by the BBC, subject to the total proportion not exceeding 5% of the current market value of the Scheme's assets.

24. Capital and contractual commitments

As at 31 March 2024 the Scheme was committed to providing additional funding to certain managers investing in unquoted securities. These commitments amounted to £1,296.9m (2023: £1,309.9m).

25. Other matters

The BBC is currently addressing a number of fair and equal pay claims. This may result in the BBC and employees making contributions to the Scheme in relation to pay backdated to periods prior to 31 March 2024 and benefits being adjusted accordingly.

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension (GMP) benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee is aware that the issue will affect the Scheme and is currently reviewing the impact in detail.

A supplemental judgment has been issued regarding the impact of GMP equalisation on historic transfers out. The Trustee is aware that the issue may affect some historic transfers made from the Scheme and are working with their advisers and administrators to identify the impacted transfers and look at next steps.

The Scheme implemented changes to benefit calculations in 1997 which to a large extent achieved GMP equalisation for members retiring from that date forward. Based on the most recent assessment of the likely backdated amounts and related interest, the Trustee does not expect these to be material and therefore has not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

26. Subsequent Events

In May 2023 the BBC announced that it is reviewing its future pension provision for employees and made an application to the High Court to rule on the correct interpretation of one of the Rules of the Scheme.

The Trustee is a party to the Court proceedings, primarily to assist the Court and to ensure that all relevant information is provided, and all relevant questions and arguments are raised.

The High Court issued its decision on 28 July 2023 and the BBC is now appealing it to the Court of Appeal. The Court of Appeal hearing is scheduled to start on 25 June 2024.

In May 2024, the BBC's information security team alerted the Trustee to a data security incident, in which files containing personal information of c25,290 BBC Pension Scheme members were copied from a cloud-based storage device used by the administrator. The personal information included names, National Insurance numbers, dates of birth and home addresses. No telephone numbers, email addresses, bank details, usernames or passwords were included, and the incident did not impact the operations of the Pension Scheme, our website, member portal: myPension Online, or existence checking service: myPensionID.

The Trustee has been working closely with the BBC to understand how it happened and take appropriate actions including providing support to affected individuals. The incident was reported to the Information Commissioner's Office and The Pensions Regulator.



27. Related party transactions

Key management personnel

Of the Trustee directors noted on page 4, the Independent Trustee directors and one BBC Trustee director were not members; all other Trustee directors were members of the Scheme during the past year. Two Trustee directors were in receipt of a pension. All transactions with these parties were in accordance with the Scheme rules.

Trustee directors employed by the BBC are not remunerated for their role as a Trustee director; however, directors' fees were paid as follows for those Trustee directors who are not employed by the BBC:

| | |
|---------------------------------|---------------------|
| Independent Trustee role | £35,000 p.a. |
| Pensioner Trustee role | £7,500 p.a. |

Independent Trustee Directors and the Pensioner Trustee Director may receive an additional fee for Board and committee roles as follows:

| | |
|---|----------------------------------|
| Chair of the Trustee Board | £43,750 p.a. (additional) |
| Chair of the Investment Committee | £30,000 p.a. (additional) |
| Member of the Finance and General Purposes Committee | £3,000 p.a. (additional) |
| Member of the Governance Committee | £1,000 p.a. (additional) |

Based on these scales the following Trustee directors in post on 31 March 2024 were in receipt of fees at the rate shown:

| | |
|--|---------------------|
| Catherine Claydon (Independent Trustee and Chair of the Board) | £79,750 p.a. |
| Kevin Carter (Independent Trustee and Chair of the Investment Committee) | £95,000 p.a. |
| Eileen Haughey (Independent Trustee) | £38,000 p.a. |
| Leslie Huss-Smickler (Pensioner Trustee) | £8,500 p.a. |
| Emma Osborne (Independent Trustee Director and Chair of the Investment Committee from 1 September 2023) | £65,000 p.a. |

During the year the total Trustee remuneration amounted to £228,665 (2023: £249,809)

Employer and other related parties

- During the year the Scheme paid costs of £50,000 (2023: £64,000) on behalf of BBC Pension Investment Ltd. The Scheme also bears the salary costs of its staff when they work for BBC Pension Investment Ltd. These costs have not been quantified.
- During the year the BBC recharged the Scheme costs of £4.1m which it had incurred on behalf of the Scheme. At the year end the Scheme owed the BBC £0.8m, which was paid subsequent to the year end. The BBC reimbursed the Scheme the annual cost of the PPF levy: £0.3m.
- The co-investor in each of the investment properties in North America is Grosvenor USA Limited, a wholly owned subsidiary of Grosvenor Group Limited.
- The Partnerships and Limited Liability Companies in which the Scheme's subsidiary BBCAF Inc is an investor have entered into various management agreements (the "Agreements") with certain affiliates of Grosvenor (the "Manager") whereby the Manager will earn asset management and development fees as stated in the Agreements. Total asset management fees earned by the Manager were approximately £6.4 million and £6.6 million during the years ended 31 December 2023 and 2022, respectively. BBCAF Inc's share of asset management fees incurred amounted to approximately £4.0 million and £4.1 million in 2023 and 2022, respectively.
- The BBC has given the Trustee and all of its Directors an indemnity against all unrecovered costs for which they may be liable as a result of a successful challenge and all costs of whatever nature which arise out of the Trustee's participation in the conduct of any challenge.
- Except as disclosed above, there are no transactions, balances or relationships that require disclosure under Financial Reporting Standard 102.



Independent Auditor's report to the Trustee of the BBC Pension Scheme - Report on the financial statements

Opinion

In our opinion the financial statements of the BBC Pension Scheme (the 'Scheme'):

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2024 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

We have audited the financial statements which comprise:

- the fund account;
- the statement of net assets; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.



Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee's responsibilities, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Scheme's industry and its control environment, and reviewed the Scheme's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of the Trustee and pension management, their own identification and assessment of the risks of irregularities, including those that are specific to the Scheme's business sector.

We obtained an understanding of the legal and regulatory framework that the Scheme operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Pensions Act 2004, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Scheme's ability to operate or to avoid a material penalty. These included the Scheme's regulatory requirements.

We discussed among the audit engagement team including relevant internal specialists such as pensions actuarial, IT, and real estate industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.



As a result of performing the above, we identified the greatest potential for fraud in the misappropriation of investment assets due to the significant size of investment transactions and balances. In response our procedures to respond to the risk identified included the following:

- obtaining an understanding of relevant controls over the existence of investment holdings and transactions;
- agreeing investment holdings to independent third party confirmations;
- agreeing investment and cash reconciliations to independent evidence and bank statements; and
- performing existence procedures such as agreeing properties to title deeds, reviewing custodian to investment manager reconciliations and reviewing a sample of audited accounts for unquoted pooled investment vehicles.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of the Trustee and pension management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of Trustee meetings and reviewing correspondence with the Pensions Regulator.

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
4 June 2024



Independent Auditor's statement about contributions to the Trustee of the BBC Pension Scheme

Statement about contributions

We have examined the summary of contributions to the BBC Pension Scheme for the Scheme year ended 31 March 2024 which is set out on page 46.

Opinion

In our opinion contributions for the Scheme year ended 31 March 2024 as reported in the summary of contributions and payable under the Schedules of Contributions have in all material respects been paid from 1 April 2023 to 15 June 2023 at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 19 June 2020 and subsequently at least in accordance with the Schedule of Contributions certified by the Scheme actuary on 16 June 2023.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedules of Contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our report

This statement is made solely to the Trustee, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body for our work, for this statement, or for the opinion, we have formed.

Deloitte LLP
Statutory Auditor,
Birmingham, United Kingdom
4 June 2024



Summary of Contributions payable in the year ended 31 March 2024

During the year the contributions payable to the Scheme were as follows:

| | Employee £m | Employer £m |
|---|----------------|----------------|
| Required by the Schedule of Contributions | | |
| Normal contributions | 0.1 | 108.1 |
| Salary sacrifice employee | - | 20.6 |
| Deficit recovery payment | - | 40.0 |
| PPF levy | - | 0.3 |
| Total required by the schedule of contributions, as reported by the Scheme Auditor | 0.1 | 169.0 |
| Other contributions payable | | |
| Other employee contributions | 2.3 | - |
| Additional Voluntary | 0.1 | - |
| Matching AVCs | - | 0.1 |
| Salary sacrifice added years | - | 0.2 |
| Salary sacrifice additional voluntary | - | 1.1 |
| Augmentation of benefits | - | 0.3 |
| Total | 2.4 | 1.7 |
| Total as per Fund Account | 2.5 | 170.7 |

Signed on behalf of the Board of the Trustee Board on 4 June 2024:

**Trustee
Director**

**Trustee
Director**



Actuary's certification of the Schedule of Contributions BBC Pension Scheme

Adequacy of rates of contributions

I hereby certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by 30 June 2029.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 16 June 2023.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Adherence to paragraph 9(6) of Schedule 2 to the Scheme Funding Regulations 2005

I also certify that the rates of contributions shown in this schedule are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the Statement of Funding Principles and any recovery plan.

Debra Webb
Fellow of the Institute and Faculty of Actuaries

Date 4 June 2024

Towers Watson Limited, a WTW company
Watson House,
London Road,
Reigate,
Surrey RH2 9PQ

Actuarial certification for the purposes of regulation 7(4) (a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005 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 2022 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 16 June 2023.

A J Blay
Fellow of the Institute and Faculty of Actuaries

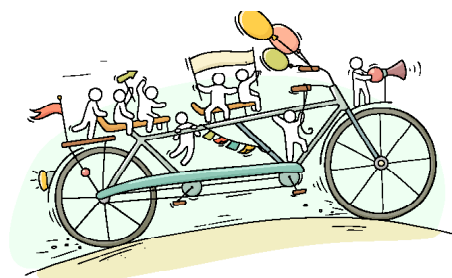
Date 16 June 2023

Towers Watson Limited, a WTW company
Watson House,
London Road,
Reigate,
Surrey RH2 9PQ



Trustee and Advisors to the Scheme as at 31 March 2024

| | |
|---------------------------------|---|
| Trustee | BBC Pension Trust Ltd, Broadcasting House, London W1A 1AA |
| Secretary to the Trustee | Rachel Hallett Pension and Benefits Centre, Central Square, Cardiff CF10 1FT |
| Actuary | Alison Blay, Towers Watson Ltd a WTW company (resigned 25 April 2024) Debbie Webb, Towers Watson Ltd a WTW company (appointed 25 April 2024) |
| Independent Auditors | Deloitte LLP |
| Solicitors | Sacker & Partners LLP Slaughter and May |
| Investment Consultants | WTW Richard L. Greene (USA property) |
| Investment Managers | Aberdeen UK Infrastructure Partners Asper Investment Management Baillie Gifford & Co BlackRock Investment Management UK Ltd Cabot Square Capital Cambridge Associates Ltd Colchester Global Investments LLP Dalmore Capital Group Goldman Sachs & Co GreenOak Real Estate Advisors, LLP Greencoat Capital Hg Pooled Management Hony Capital Infracapital Partners InfraRed Capital Partners Ltd ICG Alternative Investments Ltd KKR & Co LLP Loomis Sayles Legal & General Assurance (Pensions Management) Ltd Libremax Capital LLC Macquarie Financial Products Management M&G Investment Management Ltd Navis Capital Partners Orchard Global Asset Management LLP PGSFIII GP Ltd (investment adviser: Pantheon Ventures Ltd) Pimco Europe Ltd Prisma Capital Partners Sanders Capital, LLC State Street Global Advisors Ltd Sun Capital Partners, Inc The Carlyle Group Warburg Pincus, LLC 17 Capital |



Trustee and Advisors to the Scheme as at 31 March 2024 (continued)

| | |
|--|---|
| Cash Manager | BlackRock Advisors (UK) Ltd |
| Engagement Manager | Hermes Equity Ownership Services Ltd |
| Property Managers | Grosvenor Americas Ltd (USA) Orchard Street Investment Management, LLP CBRE Investment Management Rockspring Property Investment Managers, LLP |
| Property Valuer | Knight Frank LLP (Chartered Surveyors) |
| Custodian | HSBC Bank plc |
| Property Solicitors | Brodies LLP (Scotland) Greene, Radovsky, Maloney, Share & Hennigh (USA) CMS Cameron McKenna Nabarro Olswang, LLP |
| Banker | The Royal Bank of Scotland plc |
| Covenant advisor | Cardano Advisory Ltd |
| Investment advisor | BBC Pension Investment Limited |
| Independent members of the Investment Committee | Sarah Bates Emma Osborne (resigned 31 August 2023) David Bennett (appointed 1 September 2023) |
| Longevity Insurance | Zurich Assurance Ltd and Canada Life Assurance Company |

Changes to advisors and managers

- Shortly after the end of the Scheme year there was a change of Scheme Actuary. Alison Blay resigned on 25 April 2024 and Debbie Webb was appointed in her place on the same date.

Participating employers

On 31 March 2024 the participating employers were:

- BBC
- 3SIXTYMEDIA Ltd
- BBC Children in Need
- BBC Studioworks Ltd
- BBC Global News Ltd
- BBC Studios Distribution Ltd
- BBC Studios Productions Ltd



Governance and other matters

The Trustee aims to meet good governance standards. It manages the Scheme in line with industry best practice and the guidelines set out by the Pensions Regulator, in order to comply with applicable law and regulatory requirements.

The Trustee's main objective is to ensure that all beneficiaries receive the benefits to which they are entitled under the Rules of the Scheme.

The Trustee Board discusses committee reports; sets investment strategy; considers the funding position; and approves the Scheme financial statements, the risk register, the annual budget and work plan and the appointment of Scheme advisers. The Trustee Board met seven times during the year, including training sessions on risk and investment.

In addition to the agenda items mentioned above, it also:

- Agreed with the BBC the 2022 valuation and a new recovery plan (including an agreement that payment of the remaining deficit repair contributions may be accelerated in some circumstances); and approved the Statement of Funding Principles and Schedule of Contributions;
- Approved a revised Statement of Investment Principles and Responsible Investment Policy;
- Began a review of the Scheme's objectives and its strategy to achieve them;
- Took advice and agreed the Trustee's position in respect of the court action relating to the BBC's review of future pension provision for employees;
- Took advice on the impact on the Scheme of the Financial Conduct Authority's new Consumer Duty;
- Agreed a Scheme liquidity policy;
- Following the retirement of the BBC Pension Trust Ltd Chief Executive Officer, created a new role of Director of Governance and Operations to replace this;
- Reviewed actuarial factors;
- Undertook a review of the Scheme covenant adviser and reappointed Cardano Advisory;
- Began a review of the Scheme Actuary and actuarial advisers;
- Reviewed fees for remunerated Trustee directors; and
- Undertook an internally facilitated Board effectiveness review.



The **Investment Committee's** objective is to ensure that the assets are sufficient to meet the liabilities as they fall due and are managed in accordance with the investment strategy set by the Trustee. During the year it had six meetings, and performed a number of key tasks. It:

- Managed the Scheme's assets, aligning the investment strategy with the Scheme's long-term objectives and risk tolerance;
- Continued to work on longer-term investment strategy implications as the Scheme matures;
- Agreed to adopt a new risk management system;
- Continued work to fulfil Scheme commitments and regulation on climate-related investment risk, including reviewing asset managers' environmental, social and governance policies; and
- Developed a climate disclosure report and implementation statement in line with government guidance.



The **Finance and General Purposes Committee** (FGPC) met four times. The FGPC's objective is to ensure that the Scheme has an appropriate control and risk framework in place. It monitors the effectiveness of the Scheme's financial management and internal controls, compliance and discretions exercised on behalf of the Trustee in the administration of the Scheme. During the year, it:

- Reviewed and approved the Scheme's and FGPC's quarterly accounts and the FGPC's annual budget for 2024/25;
- Reviewed and recommended to the Trustee the Scheme's annual statutory accounts and annual budget;
- Recommended to the Trustee that Deloitte be appointed as the Scheme auditor and reviewed their audit plan;
- Reviewed the Scheme tax advisers and noted a review of pension tax changes in 2023;
- Reviewed security arrangements at the Scheme's custodian;
- Agreed the Internal Audit plan and three-year committee business plan;
- Agreed quarterly updates to the FGPC's risk register;
- Reviewed the quarterly Administration Reports, Data Protection Compliance Reports, updates on any cases of fraud; business continuity arrangements; pension sharing arrangements; and delegated authorities;
- Agreed changes to the Scheme's Privacy Notice; and
- Reviewed the AVC providers and agreed to transition funds from Santander Deposit Fund to Fidelity following the announcement of the closure of the Santander Deposit fund, and to move assets from two smaller funds managed by Fidelity to an alternative fund.

The **Governance Committee** met once. The Committee's objective is to ensure that the Scheme operates within an appropriate governance framework. It considers the systems and processes concerned with the management of the Scheme. During the year it:

- Noted a report of compliance against the Services Schedule (which sets out the level of service that the Trustee can expect from the Pensions Executive and staff);
- Received reports on work to comply with draft guidance from the Pensions Regulator on new governance regulations; Trustee training; and hospitality declared during the 2022/23 Scheme year;
- Noted a review of Trustee director liability protection;
- Reviewed and agreed remuneration for the investment team and pensions executive;
- Approved updates to the Trustee Knowledge and Understanding Policy, Whistleblowing Policy and Trustee Handbook;
- Reviewed BBC Pension Trust Ltd's Articles of Association; and
- Noted actions taken following the 2023 Board effectiveness review and agreed the process for the 2024 review.

Disputes

The Scheme has a two-stage internal disputes resolution procedure (IDRP). The first stage is determined by the Administration Manager or the Communications and Engagement Manager (or nearest equivalent to these roles). If a matter is not resolved to a member's satisfaction it can be referred to a Trustee committee who will consider it.

In 2023/24, the Pension and Benefits Centre dealt with five disputes. These were resolved under stage one of the IDRP. One case was heard at the second stage. The Internal Dispute Resolution Committee did not uphold the member's complaint.



Contributions

During the year the employers contribution rate (inclusive of AVC Plus contributions) was 42.3% of Pensionable Salaries up to 30 June 2023. From 1 July 2023 the contribution rate was 30% of Pensionable Salaries. The BBC also reimbursed the Scheme the cost of the PPF Levy (0.3m). Old and New Benefits members paid 7.5% of Pensionable Salaries, Career Average Benefits 2006 members paid 4% and Career Average Benefits 2011 members paid 6%. Most members' contributions were paid by salary sacrifice (Smart Pensions).

Increases in pensions and deferred pensions

Pensions in payment increases are made from 1 April each year.

Old and New Benefits

For Old and New Benefits members, pensions in payment were increased by the rise in the Retail Prices Index (RPI) during the year ending 31 December last up to a maximum of 10% for Old Benefits members and 5% for New Benefits members.

Old and New Benefits deferred pensions received the same increase as pensions in payment. Pensions in deferment and in payment for less than a year for Old and New Benefits members were increased pro rata. The increase paid on 1 April 2023 was 10% for Old Benefit members and 5% for New Benefits members and on 1 April 2024 was 5.2% for Old Benefit members and 5% for New Benefits members.

A Pension Increase Exchange (PIE) exercise resulted in a number of Old Benefits members opting for a one-off increase to their pension instead of receiving future increases. Members who opted to participate in the PIE exercise receive future increases only on the non-exchanged element of their pension.

Career Average Benefits 2006 (CAB 2006)

For CAB 2006 members, pensions in payment were increased by the rise in the RPI during the year ending 31 December last up to a maximum of 2.5%. The increase paid on 1 April 2023 and 1 April 2024 was 2.5%.

The discretionary revaluation of CAB 2006 benefits built up for active and deferred members was 4% on 1 April 2023 and 1 April 2024.

Career Average Benefits 2011 (CAB 2011)

For CAB 2011 members, pensions in payment were increased by the rise in the Consumer Prices Index (CPI) during the year ending 31 December last, up to a maximum of 4%. The increase paid on 1 April 2023 and 1 April 2024 was 4%.

The revaluation of CAB 2011 benefits built up for active and deferred members on 1 April 2023 and 1 April 2024 was 4%.

Additional Voluntary Contributions (AVCs)

A total of 317 members paid AVCs during the year (2023: 348). The contributions are invested with Santander UK plc or Fidelity Pensions Management in accordance with members' wishes.

At 31 March 2024, 256 members were buying added years (2023: 329).

Transfer values

Payments made in respect of employees or deferred pensioners to other pension arrangements have been calculated in accordance with the provisions of Section 97 of the Pension Schemes Act 1993, using tables supplied by the Actuary. Payments made during the year fully reflected the value of the members' accrued benefit rights. Allowance is made for all discretionary benefits calculated on actuarial advice.



Administration

BBC Pension Trust Ltd is the Scheme Administrator. The management and staff involved in running the Scheme (including the Secretary to the Trustee) are employed by the BBC. The Scheme bears all costs of investment, direct staff and system costs, stationery and postage, together with accommodation and other administrative overheads.

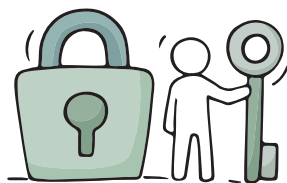
Investment Advisor

BBC Pension Investment Limited, regulated by the FCA, exercises investment discretion and provides advice in relation to specific aspects of the Scheme's portfolio. The management and staff involved are employed by the BBC. The Scheme bears all costs of the company.

Data protection

BBC Pension Trust Limited is committed to protecting the personal information it processes about members and beneficiaries. To find out more about how personal data is collected and processed see our Privacy Notice available at bbc.co.uk/mypension/about-the-scheme.





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June 2024

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