

Summary Report 2024

with news from the Trustee

BBC
PENSION
SCHEME



Welcome

In last year's Report, I updated you on a significant improvement in the Scheme's funding position – with the 2023 annual interim update showing a funding level of 101%. For the first time in many years, we were therefore reporting a small funding surplus rather than a deficit.

This Report would normally include a further interim annual update showing the 2024 position. However, rather than doing an annual interim update, the Trustee and the BBC have instead agreed to bring forward the next full actuarial valuation and to carry this out as at 1 April 2024.

Full valuations require significant time and resources to complete and the decision to carry out the full valuation a year earlier than required was taken following careful deliberations. The Trustee's decision was taken against the backdrop of the Scheme's improved funding position, and in the context of amendments to existing measures that the BBC has agreed to implement as part of the 2024 full valuation. These measures include some additional arrangements that trigger payments to the Scheme in some circumstances to protect the Scheme against potentially adverse events and which will improve the security of members' benefits in the Scheme. More information is on page 3.

Work on the 2024 valuation is now underway and we will report back to you in due course when it is finished.

In 2022, the BBC decided to ask the High Court to rule on the correct interpretation of one of the Scheme's Rules. The BBC was granted permission to appeal the High Court's decision, and the Court of Appeal issued its decision on 9 July 2024. More information is on page 8.

Finally, I would also like to thank Kevin Carter and Grant Cassidy who have stepped down from the Trustee Board after many years of dedicated service. I would like to welcome Emma Osborne and Ben Cryer who have been appointed as their replacements.

I hope you find this Report helpful and informative. I would also like to invite you to our online members' meeting in November for the chance to hear a further update and ask questions – details are on page 11.

Best wishes

Catherine Claydon
Chair of the Trustee Board



Catherine Claydon
Chair of Trustee Board



At a glance

The Scheme provides
benefits to 44,777
members.

At 1 April 2024 the
market value of the
Scheme's assets stood at
£13.8bn.

The most recent update
showed a funding level
of 101% at 1 April 2023.



Trustee board

Trustee Directors

Catherine Claydon (Chair and Independent)

Eileen Haughey (Independent)

Emma Osborne (Independent)

Kristina Block (Member elected)

Ben Cryer (Member elected)

Leslie Huss-Smickler (Pensioner elected)

Hannah Sander (Member elected)

Shirley Cameron (BBC appointed)

Martyn Freeman (BBC appointed)

Peter Johnston (BBC appointed)

David Jordan (BBC appointed)

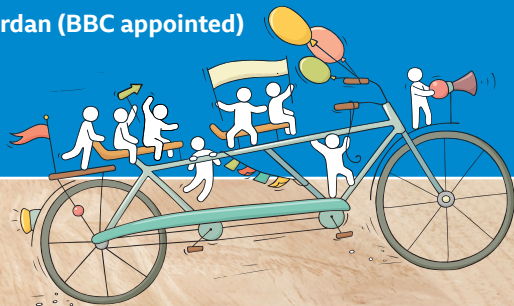
The Trustee Board

The Trustee of the Scheme is a company, BBC Pension Trust Ltd. The directors of the company are referred to as the Trustee Directors. There are eleven Trustee Directors:

- four are appointed by the BBC;
- four are appointed by Scheme members. Three of these are elected by the active members and those deferred members employed by participating employers. One is elected by the pensioners.
- three are independent Trustee Directors, appointed by the other Trustee Directors with the agreement of the BBC.

Recent changes to the Board included two very long- standing Trustee Directors Kevin Carter and Grant Cassidy stepping down and replaced by Emma Osborne and Ben Cryer.

Find out more at bbc.co.uk/mypension



Pensions news

2024 Valuation

At least once every three years, the Trustee must arrange a full actuarial valuation of the Scheme. The Trustee takes advice from the Scheme Actuary and the valuation gives an up-to-date picture of the expected future cost of providing the pensions and other benefits that Scheme members have already built up ('the liabilities') and how that compares with the value of the assets held in the Scheme. Between full valuations, the Trustee arranges a less detailed annual interim update.

The most recently completed full actuarial valuation was carried out with an effective date of 1 April 2022. This means that the latest possible effective date for the next valuation would have been 1 April 2025. However, rather than waiting until then, the Trustee and the BBC have instead agreed to carry out a full actuarial valuation as at 1 April 2024.

As a result, there is no annual interim update to report in this 2024 Summary Report. Details of the 2022 valuation and 2023 annual interim update are included below:

| | 2022 (valuation) | 2023 (update) |
|---------------------|------------------|---------------|
| Assets | £19.8bn | £14.7bn |
| Liabilities | £20.7bn | £14.6bn |
| (Shortfall)/Surplus | (£841m) | £103m |
| Funding Level | 96% | 101% |

The Trustee's decision to go ahead with a full valuation as at 1 April 2024 was taken against the backdrop of the Scheme's improved funding position and in the context of amendments to existing measures which the Trustee and the BBC have agreed will be implemented as part of the valuation. It is not unusual for pension schemes to seek additional protections from sponsors and the measures which the BBC has agreed to put in place include some additional arrangements to protect the Scheme against potentially adverse events.

As part of the 2024 valuation package of measures, the Trustee has also agreed to adopt a revised schedule of contributions (SoC) and recovery plan (RP). The revised SoC and RP were adopted in June and are available on the Scheme's website.

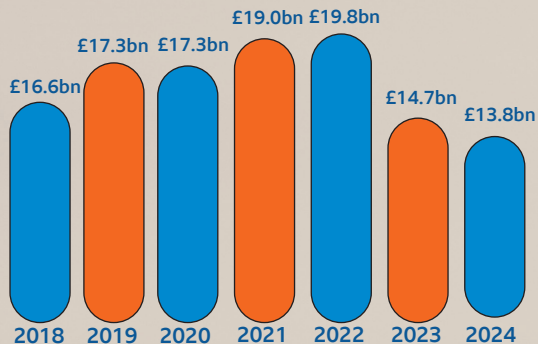
The Trustee views the measures which it has agreed as a package which will improve the security of members' benefits in the Scheme when the valuation is completed.

Finances

Accounts summary

| | |
|---|------------|
| Opening net assets of the Scheme at 1 April 2023 | £14,748.2m |
| Total income | £470.0m |
| Total expenditure | (£571.9m) |
| Change in market value of investments | (£800m) |
| Closing net assets of the Scheme at 31 March 2024 | £13,846.3m |

Value of Scheme Assets



The full Annual Report and Accounts is available at bbc.co.uk/mypension

The figures shown on this page include members' Additional Voluntary Contributions.



Investment update



The 2023/24 financial year saw further increases in short-term interest rates as leading central banks sought to combat above target inflation. 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. 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.

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, down from £14.7bn at the end of March 2023.

The Trustee retains a diversified portfolio of assets to generate the investment returns, relative to liabilities, that are required to meet the Scheme's objectives. Seeking to capture the opportunities arising from the transition to a low-carbon economy, the Scheme has made investments in wind and solar farms, renewable heating and low-carbon greenhouses, electric vehicles and charging infrastructure.

The Trustee has a Responsible Investment Policy and is committed to promote the long-term sustainability of the Scheme's investments, consistent with its duty to act in the best financial interests of Scheme members. You can find more information on our website, including a comprehensive report on how we manage climate related risks and opportunities, and details of our engagement with companies in which we own shares.



Pensions news



Data security incident

Towards the end of May, the BBC's information security team alerted the Trustee to a data security incident, in which some files containing personal information of some Scheme members were copied from a cloud-based storage service. The files included some Scheme members' personal information including details such as names, National Insurance numbers, dates of birth and home addresses. The Trustee Chair wrote to all members who had been affected by this incident at the end of May.

It is important to note that this information did not contain any telephone numbers, email addresses, bank details, financial information, usernames or passwords, and did not involve the Scheme website or our member portal: myPension Online, or existence checking service: myPensionID.

It is also important to note that analysis undertaken by specialist teams currently shows no evidence that the affected files have been misused.

The data files involved were copies and there was therefore no impact to the operations of the Scheme which continued as normal.

We sincerely apologise to all members affected. We are taking this incident extremely seriously and we want to reassure you that the source of the incident has been secured. We worked at pace with specialist teams internally and externally to understand how this happened and have also put in place additional security measures to monitor the situation.

We appreciate any incident involving personal data is worrying, and we have contacted all members affected by either email or post.

If you have not been contacted, this means you are not affected.

If you were affected and you haven't yet signed up to the free Experian Identity Plus membership you have until **23 August 2024** to do so. Identity Plus helps detect possible misuse of your personal data and provides you with identity monitoring support, focussed on the identification and resolution of identity theft. We strongly advise that you sign up for the service as it will send you real-time alerts, informing you of any changes to your credit report.

Details of how to register for the Experian Identity Plus service were in the letter or email the Chair sent to affected members at the end of May.



Pensions news



Protect your dependants – benefits payable on death

It is important you understand what lump sum and pension benefits may be payable from the Scheme when you die, and that you tell us who you would like to receive them.

It is particularly important to think about this and, if relevant, to update the forms mentioned below if your personal circumstances change (for example, if you and your spouse/civil partner no longer live at the same address, you separate or divorce, or there is a change in who is financially dependent on you).

Death benefits may include a lump sum and/or pension payable to your dependant(s).

Lump sums are usually payable following the death of an active member, a pensioner whose pension started in the last five years or an Old Benefits member with a deferred pension and for whom no dependant's pensions are payable. Death benefit lump sums payable from the Scheme are held under a discretionary trust, which means that the Trustee decides to whom they are payable and they do not form part of your estate (and are therefore currently free of inheritance tax).

An Expression of Wish form tells the Trustee the person(s), charity or organisation that you wish them to consider paying any lump sum benefits to on your death.

Your spouse or civil partner will be entitled to a pension on your death if you live together. If you don't live together for any reason, they may still be eligible for a pension if they are financially dependent on you. If you are not married/in a civil partnership, or are separated from your spouse/civil partner and not living with them, but have someone who is financially dependent on you, then you should consider completing a Nominated Dependant form to nominate that person to receive a pension following your death. This is in addition to any children's pensions that may be payable.

You can find out more about the Scheme's benefits payable on death at bbc.co.uk/mypension.

You can nominate a dependant via myPension Online or by downloading and completing the form from the documents section of the Scheme website where you will also find the Expression of Wish form. After completing a paper form, submit it via the Contact Us section of [myPension Online](http://mypensiononline), or post it to us at the address on the form.

If you are unsure if you have already completed a form, please complete a new one which will overwrite any existing form held.



Pensions news



Court of Appeal proceedings

In May 2022 the BBC announced a review of its future pension provision for employees. At that time the BBC also confirmed that it had decided to ask the High Court to rule on the correct interpretation of one of the Scheme's Rules. The BBC asked the Court whether it might be possible to change future service benefits (e.g. closing the scheme to future accrual) and/or member contributions for Active Members under the power of amendment in the Scheme's Trust Deed and Rules and, if so, on what terms and by what process.

We told you in last year's summary report about the High Court's decision which was issued on 28 July 2023. The BBC was granted permission to appeal in September last year and the Court of Appeal heard the BBC's appeal on 25-27 June 2024.

The Court of Appeal issued its decision on 9 July 2024. The BBC's appeal was dismissed by the Court of Appeal which upheld the decision of the High Court.

It is important to note that the decisions made by the Court of Appeal and the High Court do not change Active Members' future service benefits or the benefits members have already built up including deferred pensions and pensions in payment.

Further details about the Court of Appeal's decision, including a link to the full judgment, are on the Scheme website bbc.co.uk/mypension/pension-review/

Normal minimum pension age set to go up

The Finance Act 2022 increases the normal minimum pension age from 55 to 57 in April 2028. This means that if your pension is not in payment before 6 April 2028, the earliest you will be able to apply to start receiving it is age 57. As now, members will continue to be able to request that their pension starts before normal minimum pension age on the grounds of ill-health.

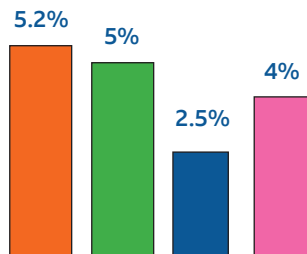
See bbc.co.uk/mypension/current-members for details about incapacity pensions.



Scheme noticeboard



2024 Pension in Payment Increases



- Old Benefits
- New Benefits
- Career Average Benefits (2006)
- Career Average Benefits (2011)

Increases to pensions in payment were awarded on 1 April 2024. These increases ranged from 2.5% to 5.2%, depending on the section of membership. Increases to pensions in payment were based on the rise in the relevant inflation index for the previous calendar year ending 31 December, subject to the applicable cap specified under the Scheme's Rules.

The relevant inflation index for increases to pensions in payment was the Consumer Prices Index (CPI) for the CAB 2011 section and the Retail Prices Index (RPI) for the other sections, subject to the applicable cap. The published RPI for the calendar year ending 31 December 2023 was 5.2% and the CPI was 4.0%.

Increases were also awarded on 1 April to pensions that have not yet come into payment. The award for deferred pensions in the Old Benefits section was 5.2% and in the New Benefits section was 5%.

An increase to pensions built up to 31 March 2022 was also awarded for active and deferred members of the CAB 2006 and CAB 2011 sections, with an increase of 4% awarded.

Member Survey 2024

We will be launching our Member Survey in September. We would very much welcome your feedback and ask that you complete a short survey. All feedback received will help us meet our aim of delivering a high quality service to members by building on those aspects that you value and applying this approach across everything we do. As with the previous survey, you'll be entered into a prize draw to win high street vouchers with a first prize of £200 and two runners up prizes worth £100.

Keep an eye out for the email inviting you to take part!



Scheme noticeboard



Pension Scheme Factor Changes

Following completion of the 2022 valuation and as part of the annual review due under the Scheme Rules, some of the factors used to work out benefit options changed from 1 April 2024. The changes included

- lower reductions applied to pensions paid early,
- higher increases to deferred pensions that start to be paid after normal pension age, and
- higher value of each pound of pension exchanged for a cash lump sum for members aged 70 or under claiming payment of their pension in the CAB 2011, New Benefits or, if they joined on or after 1 April 1992, the Old Benefits section.

For more details go to the members section on the website and click on the relevant section.

You can run calculations yourself via our online service [MyPension Online](#).

Registering for myPension Online is the fastest and most secure way to get your pension information.

Once registered, you can send us secure messages, view your details and change certain information like your bank or address details.

To register you will need your personal security number. You can get this by calling the pension service line (see back page).

MoneyHelper

MoneyHelper brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.

Whatever your circumstances, MoneyHelper provides clear money and defined contribution pension guidance over the phone and online that's quick to find, easy to use and backed by government. They can also point you to trusted services if you need more support. Just search for MoneyHelper: moneyhelper.org.uk



Scheme noticeboard



2024 Member Liaison Meeting

In November 2022, the Scheme held its first Member Liaison Meeting. We held it again last year and members have told us that being able to attend online helped them feel connected, and the presentations were clear, informative and reassuring. You can watch last year's meeting under the News section of our website, bbc.co.uk/mypension

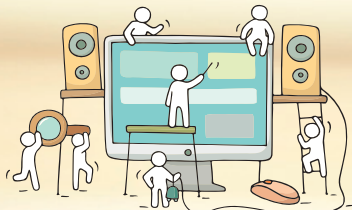
We will be holding this event again on the **15 November 2024**.

We would like to invite all members to attend an online meeting to hear from the Chair of the Board, Director of Governance and Operations and Director of Investments who will provide this year's updates.

The meeting will be held online and streamed on our website. You'll have a chance to put questions to members of the Pension Executive. You can submit any questions you may have in advance by emailing mypensionfeedback@bbc.co.uk

To register go to bbc.co.uk/mypension/news

You can watch last year's meeting under the News section of our website, bbc.co.uk/mypension
We will publish a recording of the November meeting shortly after it takes place.



Help and support

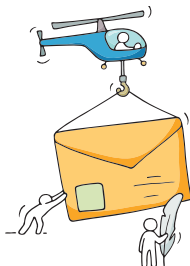
Answering your questions

If you have a question about the Scheme or your pension, please visit bbc.co.uk/mypension where you can also login to [myPension Online](#) to see details of your pension and securely get in touch with the pension service line via Contact Us.

Alternatively you can call the pension service line on our new number **0303 081 2848** (Mon - Fri 10:00 - 16:00) or email: mypension@bbc.co.uk or send a letter to:

BBC Pension and Benefits Centre
3 Central Square
Cardiff
CF10 1FT

If you call, email or write to us you may be asked to provide additional information so we can identify you.



How we use your data

You can find out how we use and look after your data by reading the Scheme's Privacy Notice at bbc.co.uk/mypension/aboutthescheme/



myPension online

Access your pension details 24/7 and get information quicker by registering for myPension Online. It's the fastest and most secure way to get your pension information.

Once registered, you can send us secure messages, view your details and change certain information like your bank or address details.

To register you will need your personal security number. You can get this by calling the pension service line.

About this report

The Scheme Rules govern your benefits under the Scheme, and in the event of conflict between this communication and the Rules, the Rules take priority. This communication has been issued by BBC Pension Trust Limited (company number 02218202), as Trustee of the BBC Pension Scheme.

