

Arts Council Retirement Plan (1994)

Arts Council Retirement Plan (1994)
Annual Report and Financial Statements
31 March 2025
Scheme Registration number 10106905

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Section 1 – Trustees and their Advisers

The Trustees

The Trustees of the Arts Council Retirement Plan (1994) during the year, and following the year end, are set out below.

Chris Daykin CB (resigned 23 January 2025)	Independent Trustee, Chair
Mark Engelbretson (appointed 23 January 2025)	Independent Trustee representing Ross Trustees Ltd, Chair
Mumtaz Ali	Active Member Nominee
Mark Harrison (resigned 31 May 2025)	Pensioner Member Nominee
Frances Runacres (appointed 31 May 2025)	Pensioner Member Nominee
Rebecca Nelson (resigned 31 July 2024)	Arts Council of Wales – Employer nominated
Lorna Virgo (appointed 14 October 2024)	Arts Council of Wales – Employer nominated
Navees Rahman	Arts Council England – Employer nominated
Ian Stevenson	Creative Scotland – Employer nominated
Secretary to the Trustees	Hymans Robertson LLP

Advisers

The advisers to the Trustees are set out below:

Plan Actuary	Bill Barnes FIA, Hymans Robertson LLP
Auditor	Crowe U.K. LLP
Legal Adviser	Sacker and Partners LLP
Administrator	Hymans Robertson LLP
Investment Adviser	Hymans Robertson LLP
Investment Managers	Baillie Gifford and Company (disinvested 18 February 2025) Federated Hermes Investment Management (until 15 August 2025) IFM Investors Legal & General Assurance (Pension Management) Limited Quinbrook Infrastructure Partners (GP3) Limited Storebrand Asset Management AS
Custodians	The following custodians are appointed by the investment managers and the Trustees have no involvement in their appointment: Baillie Gifford and Company (until 18 February 2025): BNY Mellon Federated Hermes Investment Management: (until 15 August 2025) NatWest Trustee and Depositary Services Limited IFM Investors: Conyers Trust Company (Cayman) Limited Legal & General Assurance (Pension Management) Limited: Citibank Northern Trust Storebrand Asset Management AS: Northern Trust International Fund Administration Services (Ireland) Limited

Trustees and their Advisers (continued)

Advisers (continued)

Banker	Barclays Bank plc
Additional Voluntary Contribution (“AVC”) Provider:	Aegon Scottish Equitable plc
Covenant adviser:	Grant Thornton UK LLP (appointed 4 July 2025)
Principal Employer	Arts Council England The Hive 47 Lever Street Manchester M1 1FN United Kingdom
Other Participating Employers	Creative Scotland Arts Council of Wales Tŷ Cerdd – Music Centre Wales Crafts Council (ceased to be a participating employer effective 9 October 2024)

Section 2 – Trustees' Report

The Trustees of the Arts Council Retirement Plan (1994) ("the Plan") are pleased to present their report together with the audited financial statements and actuarial statements of the Plan for the year ended 31 March 2025.

The purpose of the report is to describe how the Plan and its investments have been managed during the year.

Management of the Plan

Legal Status

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004. The Plan is a defined benefit plan and provides benefits for the staff and former staff of the Principal Employer and other Participating Employers.

The Plan is governed by the Third Supplemental Definitive Trust Deed and Rules dated 28 February 2005 as amended by subsequent Deeds of Amendment.

The Plan is registered under the Finance Act 2004. Prior to the introduction of the Act from 6 April 2006, the Plan was an "exempt approved scheme" under the terms of the Income and Corporation Taxes Act 1988. It is therefore exempt from UK Income and Capital Gains Taxes.

Prior to the abolition of contracting-out on 6 April 2016, all members of the Plan were contracted-out of the State Second Pension under a certificate issued by HM Revenue and Customs National Insurance Contributions Office.

Trustees

In accordance with the Trust Deed and Rules, the Trustees are appointed by, and may be removed by, the Principal Employer, subject to the requirements of the member-nominated Trustee regulations issued following the Pensions Act 1995. Two Trustees are member-nominated and serve for a term of three years (after which they may be reappointed). If a majority of the Trustees are present at a meeting, they constitute a quorum. At every meeting of the Trustees, all questions shall be decided by the votes of the Trustees. In the case of an equal number of votes the Chair of the meeting shall have a second or casting vote.

The Trustees met four (2024: three) times during the year to consider matters relating to the administration of the Plan and to review investment performance.

In accordance with the Pensions Act 2004, one-third of the Trustees are required to be Member-Nominated Trustees. A nomination and selection exercise is carried out every three years for each of the two Member-Nominated Trustees.

Lorna Virgo was appointed as the Arts Council of Wales Employer nominated Trustee on 14 October 2024.

Mark Engelbretson was appointed as the Chair of Trustees, representing Ross Trustees Limited, on 23 January 2025. Chris Daykin CB, the previous Chair, stepped down on the same date.

After the year-end, Mark Harrison, who served as the pensioner member nominated Trustee, stepped down from his position on 31 May 2025. On the same date, Francis Runacres was appointed to the role following an election process.

Trustees' Report (continued)
Financial Development of the Plan

The financial statements have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995.

The fund account shows that the net assets of the Plan increased from £233,019,860 at 31 March 2024 to £236,877,872 at 31 March 2025. The increase in net assets is accounted for by:

	2025 £	2024 £
Member related income	9,854,527	10,006,064
Member related payments	(8,364,472)	(6,104,915)
Net additions from dealings with members	1,490,055	3,901,149
Net returns on investments	2,367,957	17,932,835
Net increase in fund	3,858,012	21,833,984
Net assets at start of year	233,019,860	211,185,876
Net assets at end of year	236,877,872	233,019,860

Pension Increases

The Trustees increase pensions in payment as required by the Plan's Trust Deed and Rules.

Although no formal commitment has been entered into, it is Arts Council England's policy to provide discretionary increases to pensions in payment in respect of that part of each member's pension in excess of the Guaranteed Minimum Pension ("GMP"). The increase is usually in line with the increase applied to pensions accrued between 6 April 1997 and 5 April 2005.

The increase which applies to that part of each member's pension in excess of the GMP is awarded in April each year.

In addition, GMPs accrued after 5 April 1988 are increased as required by legislation.

In accordance with the Pensions Act 1995, members' pensions in payment accruing on or after 6 April 1997 are guaranteed to increase in line with inflation, which for the year reported was taken as at 1 September 2023, and was 6.7%. Following changes in legislation, from 2011 the index used for measuring inflation with respect to pension increases changed from the Retail Prices Index ("RPI") to the Consumer Prices Index ("CPI").

Trustees' Report (continued)**Pension Increases (continued)**

During the Plan year, pension levels were reviewed with an effective date of 1 April 2024 on this basis as follows:

- Increases to pensions in payment:
 - GMPs accrued prior to 6 April 1988 = Nil (no increases are required to be applied to this pension)
 - GMPs accrued post 5 April 1988 = 3.0%
 - non GMP benefits accrued pre 6 April 1997 = 6.7%
 - benefits accrued between 6 April 1997 and 5 April 2005 = 6.7%
 - benefits accrued post 5 April 2005 = 6.7%
 - ex-Crafts Council pensioner members have guaranteed increases applied to their pre 1997 pensions in excess of GMP, in line with the increase in RPI. Post 1997 benefits increase at the higher of the increase applied to pre 1997 pension and statutory requirements. On 1 April 2024, this increase was 8.9% for both pre and post 1997 pensions (in excess of GMP).
- Deferred pensions were increased in accordance with statutory requirements, with the following exceptions:
 - Crafts Council members' deferred pensions increase in line with RPI.
 - benefits in excess of GMP accrued prior to 1st January 1985 are also increased in line with post 1985 accrued benefits at the Trustees' discretion. There is no statutory requirement to provide such increases on these benefits.

Transfer Values

Transfer values paid during the year were calculated and verified in accordance with the appropriate regulations and Technical Actuarial Standards issued by the Financial Reporting Council, and, where applicable, the Public Sector Transfer Club. There were no transfer values paid during the year which were less than the full value of the members' preserved benefits. No transfer values paid were reduced below the level calculated on the Trustees' chosen transfer value basis, or the basis underlying the Public Sector Transfer Club where applicable.

GMP Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on the initial assessment of the likely backdated amounts and related interest, the Trustees did not expect these to be material to the financial statements and therefore did not include a liability in respect of these matters in the financial statements. They will be accounted for in the year they are determined. The majority of the current members' benefits have been equalised and related costs were recognised in the year ended 31 March 2025.

The Trustees have formed a GMP Equalisation Sub-Committee ("GMPESC") responsible for working with the Trustees' legal and actuarial advisors to understand the issues and various decision points required to complete the GMP Equalisation project. The GMPESC met twice during the year and made recommendations to the Trustee Board on issues such as the implementation approach for pension adjustments and arrears to be paid to members impacted by both GMP Equalisation and GMP Rectification. All of these in-principle decisions were later ratified by the full Trustee Board at a subsequent Trustees' meeting and decisions requiring sponsor consent were confirmed with the Employers, for example, where implementation approach required an augmentation of benefits under the Plan Rules. The Trustees previously agreed with the Employers to use the dual records method 'Method B' for the GMP Equalisation calculations and as part of the implementation of equalised benefits it was agreed that no pensions in payment would be reduced.

Trustees' Report (continued)**GMP Equalisation (continued)**

On 20 November 2020, the High Court handed down a further judgment involved the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that the schemes were responsible for the equalisation of benefits for men and women in relation to guaranteed minimum pension benefit in historical transfers out from the Plan. The judgment is unclear on whether bulk transfers also require amendment. There is further uncertainty regarding those members that transfer out of the plan on the Public Sector Transfer Club basis and whether GMP needs to be equalised for these members. Given the small number of members that transfer out of the Plan, the Trustees do not expect these amounts to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined. In relation to transfer values currently calculated and quotes being issued to members, the Trustees now include an estimate of the impact of GMP Equalisation on members' benefits in these transfer values.

The next full actuarial valuation of the Plan is due as at 31 March 2025. Pending the Plan's records being updated to allow for GMP equalisation, the most recent valuation, as at 31 March 2022, made an approximate allowance for the impact of GMP equalisation by including a loading of 0.4% of liabilities within the technical provisions (equivalent to approximately £1,000,000). This allowance was based on modelling carried out by Hymans Robertson to estimate the liability impact. The reserve will be revised as part of the 31 March 2025 formal valuation to reflect that the majority of current members impacted by GMP Equalisation have now had their pension records adjusted and arrears payments have been processed relating to historical underpayments. During the period of these accounts, c£210k was paid out to members in relation to historical arrears for GMP Equalisation.

Risk Review

The Trustees have a process for the comprehensive review of operational, financial, regulatory and reputational risks relating to the Plan. This process requires the Trustees specifically to consider risks relating to Investment, Administration, Running Costs and Background Risks. The Trustees actively manage their risks through reviewing their risk schedule and implementing robust measures and mitigations. The Trustees have agreed to monitor more closely the key risks which they rate as having a high/medium impact and high/medium likelihood of occurring. During the year the Trustees reviewed and monitored these 'key risks' and emerging risks for the Plan in relation to their key objectives.

Virgin Media Ltd v NTL Pension Trustees II

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023 considered the implications of Section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The court decision was subject to appeal which was subsequently heard on 25 July 2024 and the original decision upheld. On 5 June 2025, the Department of Work and Pensions announced that the UK Government would be introducing legislation to help pension schemes manage the implication for Section 37.

In October 2024, the legal advisers provided the Trustees with an update on the Virgin Media appeal and advised that further investigations into whether Section 37 confirmations had been provided in relation to the Plan was not required at that time.

Trustees’ Report (continued)

Actuarial Position

An actuarial valuation as at 31 March 2022 was finalised and signed on 11 April 2023. The formal actuarial certificate is shown in Section 8 of this report along with the Report on Actuarial Liabilities in Section 9.

The next actuarial valuation will take place as at 31 March 2025. Work on the 31 March 2025 valuation has been started but is not expected to be complete by the time of the signing of these accounts.

Schedule of Contributions

Over the period from 1 April 2024 to 31 March 2025, employees paid contributions to the Plan as shown in the table below:

Employer	Employee contribution rate
Arts Council England and Crafts Council	Based on a salary banded approach (see below)
The Arts Council of Wales	6.0% of Salary
Creative Scotland	1.5% of Salary for employees who joined the Scottish Arts Council prior to 1 July 2009. 3.5% of Salary for all other employees.
Tŷ Cerdd – Music Centre Wales	3.5% of Salary

Salary banded contribution rates for Arts Council England

Full time equivalent salary	Employee contribution rate
£0 - £23,999	5.1%
£24,000 - £28,999	5.6%
£29,000 - £36,499	6.1%
£36,500 - £40,999	6.6%
£41,000 - £50,999	7.1%
£51,000 & over	7.6%

Over the period from 1 April 2024 to 31 March 2025 the Employers paid contributions to the Plan as shown in the tables overleaf.

Trustees' Report (continued)
Schedule of Contributions (continued)

Ordinary contributions for the year to 31 March 2025

Ordinary contributions are made in respect of members of the Plan (excluding Life Assurance only members) as set out in the table below:

Employer	Ordinary contributions
Arts Council England	25.4% of Salary for members transferred from the Museums, Libraries and Archives Council. 18.8% of Salary for all other members.
The Arts Council of Wales	19.9% of Salary
Creative Scotland	23.6% of Salary for employees who pay contributions of 1.5% of Salary. 21.6% of Salary for employees who pay contributions of 3.5% of Salary.
Tŷ Cerdd – Music Centre Wales	21.1% of Salary.
The Crafts Council*	£10,800 per year in relation to Plan expenses only.

*Crafts Council had no active members during the financial year and ceased to participate in the Plan from 9 October 2024.

Where contributions are expressed as a percentage of Salary, this is defined as a member's Basic Salary, including London Weighting and certain regular allowances. Basic Salary includes standard shift premium but excludes bonuses, overtime and commission.

Each Employer also pays contributions of 0.2% of Pensionable Salary instead of the rates above in relation to members who are eligible only for life assurance benefits.

A new Schedule of Contributions was agreed dated 31 March 2025 and applied from 1 April 2025 until 30 September 2025. It replaced the previous Schedule summarised above with effect from 1 April 2025.

A further revised Schedule of Contributions was agreed dated 25 September and applies from 1 October 2025 until 31 March 2034. It replaces the previous Schedule dated 31 March 2025 with effect from 1 October 2025. The new Schedule of Contributions is summarised overleaf, incorporating the changes from both of these schedule revisions.

Trustees' Report (continued)**Schedule of Contributions (continued)****Ordinary contributions from 1 April 2025 to 30 September 2025**

The Participating Employers shall pay the following ordinary contributions to the Plan on a monthly basis in respect of the accrual of new benefits for members (other than those eligible only for life assurance benefits).

Employer	Ordinary contributions
Arts Council England	25.4% of Salary for members transferred from the Museums, Libraries and Archives Council who were previously eligible for membership of the Classic or Premium sections of the Principal Civil Service Pension Scheme. 18.8% of Salary for all other members.
The Arts Council of Wales	14.9% of Salary (for the period from 1 April 2025 to 31 March 2026) 19.9% of Salary (for the period from 1 April 2026 to 31 March 2034)
Creative Scotland	In respect of employees who pay contributions of 1.5% of Salary: 18.6% of Salary (for the period 1 April 2025 to 31 March 2026) 23.6% of Salary (for the period 1 April 2026 to 31 March 2034) In respect of employees who pay contributions of 3.5% of Salary 16.6% of Salary (for the period 1 April 2025 to 31 March 2026) 21.6% of Salary (for the period 1 April 2026 to 31 March 2034)
Tŷ Cerdd – Music Centre Wales	21.1% of Salary.

Ordinary contributions from 1 October 2025

The Participating Employers shall pay the following ordinary contributions to the Plan on a monthly basis in respect of the accrual of new benefits for members (other than those eligible only for life assurance benefits).

Employer	Ordinary contributions
Arts Council England	In respect of transferring Museums, Libraries and Archives Council members who were previously eligible for membership of the Classic or Premium sections of the Principal Civil Service Pension Scheme: 20.4% of Salary (for the period from 1 October 2025 to 31 March 2026) 25.4% of Salary (for the period from 1 April 2026 to 31 March 2034) In respect of all other members: 13.8% of Salary (for the period from 1 October 2025 to 31 March 2026) 18.8% of Salary (for the period from 1 April 2026 to 31 March 2034)
The Arts Council of Wales	14.9% of Salary (for the period from 1 October 2025 to 31 March 2026) 19.9% of Salary (for the period from 1 April 2026 to 31 March 2034)
Creative Scotland	In respect of employees who pay contributions of 1.5% of Salary: 18.6% of Salary (for the period 1 October 2025 to 31 March 2026) 23.6% of Salary (for the period 1 April 2026 to 31 March 2034) In respect of employees who pay contributions of 3.5% of Salary 16.6% of Salary (for the period 1 October 2025 to 31 March 2026) 21.6% of Salary (for the period 1 April 2026 to 31 March 2034)
Tŷ Cerdd – Music Centre Wales	21.1% of Salary.

Trustees' Report (continued)
Schedule of Contributions (continued)

The Participating Employers will also pay contributions of 0.2% of monthly salary in relation to Members who are only eligible for Life Assurance benefits, instead of the other rates shown in the schedule.

Deficit Contributions for the year to 31 March 2025

To make good the funding shortfall revealed at the 31 March 2022 actuarial valuation, a Schedule of Contributions was put in place, with the following deficit contributions to be paid over the period 1 April 2024 to 31 March 2025 (the period covered in these accounts). Details of these contributions are included on the following pages.

Employer	Deficit contributions payable annually in advance
Arts Council England	£192,800 per annum ("p.a.") in respect of the period from 1 April each year to 31 March the following year. In the event that an additional lump sum deficit contribution of £1,233,000 is paid on or before 31 March 2024, annual deficit contributions due from 1 April 2026 will cease to be payable ¹ .
The Arts Council of Wales	Zero
Creative Scotland	£90,800 p.a. in respect of the period from 1 April each year to 31 March the following year.
Tŷ Cerdd – Music Centre Wales	£3,100 p.a. in respect of the period from 1 April each year to 31 March the following year
The Crafts Council ²	Zero

¹A payment of £1,233,000 was made by Arts Council England in February 2024.

²The Crafts Council ceased to participate in the Plan from 9 October 2024.

The Participating Employers have agreed to pay the deficit contributions annually at the start of the Plan year in order to maximise the time for which those contributions are invested. Deficit contributions in relation to the 2022 formal valuation were due in April 2022 and annually each April thereafter. Under the Schedule, Employers may also pay additional lump sum contributions into the Plan at any time.

Rule Changes

In October 2024, amendments were made to the Plan Rules dated 28 February 2005 to reflect the improvements identified from a diversity, equity and inclusion perspective during a review of the Plan Rules by the Trustees' legal advisors. Four areas were identified for amendments: linked pensionable service for members with multiple periods of service, updating the definition of 'Child' in the Rules, rules around spouse's pension eligibility, and the definition of a nominated dependant. None of the changes were deemed to have a material impact on the Plan's liabilities.

Crafts Council

Crafts Council ceased to be a participating employer on 9th October 2024. A flexible apportionment arrangement ("FAA") was put in place in which Crafts Council's assets and liabilities were absorbed by Arts Council England. The Trustees sought legal and funding advice in agreeing the FAA.

Trustees' Report (continued)

Auto-Enrolment

Creative Scotland and Tŷ Cerdd – Music Centre Wales automatically enrol all their employees into the Plan. All other Participating Employers use other pension arrangements to comply with auto-enrolment requirements for non-members of the Plan.

Employer-Related Investment

During the year there was no employer-related investment as defined in the relevant legislation (2024: none).

Trustees' Report (continued)

Plan Membership

The reconciliation of the Plan membership during the year ended 31 March 2025 is shown below:

Active Members	
As at 31 March 2024	837
Prior period adjustment	(1)
As at 1 April 2024	836
New joiners	114
Retirements	(15)
Leavers with refund	(19)
Leavers with deferred pension entitlements	(41)
Leavers – transferred out	(3)
Leavers – awaiting decision	(21)
Active Members as at 31 March 2025	851

Pensioner Members (including spouses and dependants)	
As at 31 March 2024	570
Prior period adjustment	(1)
As at 1 April 2024	569
Retirements	56
Deaths	(18)
New spouses' pensions	10
Pensioner Members as at 31 March 2025*	617

*Pensioner members as at 31 March 2025 include 1 pensioners in respect of whom the Plan receives annuity income (2024: 2).

Deferred Pensioner Members	
As at 31 March 2024	1,383
Prior period adjustment	1
As at 1 April 2024	1,384
Employees leaving with a deferred pension	41
Retirements	(41)
Transfer out	(1)
Deaths	(4)
Deferred Pensioner Members as at 31 March 2025	1,379

Prior period adjustments relate to member movements that occurred in the prior period but of which the Plan was not notified or otherwise could not process until the year reported.

Trustees' Report (continued)

Investment Policy and Management

Investment Managers

The assets of the Plan are held in trust by the Trustees for the benefit of members. The responsibility for investment of the Plan's assets is vested in the Trustees.

The Trustees' policy is to delegate day-to-day management of the assets to the Plan's investment managers appointed by the Trustees for this purpose.

The Trustees have appointed Baillie Gifford and Company ("Baillie Gifford") (until 18 February 2025), Federated Hermes Investment Management Limited ("Federated Hermes") (until 15 August 2025), IFM Investors ("IFM"), Legal & General (Pensions Management) Limited ("Legal & General"), Storebrand Asset Management AS ("Storebrand"), and Quinbrook Infrastructure Partners (GP3) Limited ("Quinbrook") to manage the Plan's assets.

Custody Arrangements

The custodians used by the investment managers are responsible for the settlement of all day-to-day investment transactions covering the Plan's investments, collection of investment income and the safe custody of investments. The custodians are appointed by the investment managers for the pooled investment vehicles ("PIVs") in which the Plan invests.

These custody services are provided in accordance with Financial Conduct Authority regulations. The records and procedures of the custodians are routinely subject to scrutiny by external auditors and the regulatory authorities. There is no involvement by the Trustees, the Principal Employer or any of the Participating Employers in custody procedures.

Investment Policy and Target Objectives

The Trustees' investment objective is to achieve a satisfactory return on the Plan's assets, taking into account the overall objectives of the Plan. These are coupled with the Trustees' overriding objectives for the Plan, which are as follows:

- To build up assets to provide for new benefits of active members as they are earned;
- To recover any shortfall in assets relative to the value placed on accrued liabilities over the longer term;
- To ensure that there are always sufficient assets of the Plan (at their realisable value) to meet 100% of benefits as they fall due for payment to members; and
- To aim to maintain stable employer contribution rates over the medium term.

The investment managers have been instructed to hold a range of assets in unitised funds, namely UK and overseas equities, corporate bonds, index-linked gilts, infrastructure assets, absolute return funds and property.

Trustees' Report (continued)

Investment Policy and Management (continued)

Investment Policy and Target Objectives (continued)

Over the Plan year, the following strategic transitions were completed:

- The second, and final, drawdown on the Plan's commitment to the IFM Net Zero Infrastructure Fund was called for 15 November 2024, and totalled £2.5m. This was funded by a £2.5m disinvestment from the Legal & General Cash Fund. The funds were transferred to IFM on 28 November 2024.
- In January 2025 the Trustees agreed the following changes to the investment strategy:
 - Fully disinvest from the Baillie Gifford Diversified Growth Fund (previous target allocation of 2.5%) and L&G Corporate Bond fund (previous target allocation of 10%);
 - Increase the allocation to the L&G Over 5-year Index-Linked Gilts fund from 20% to 25%;
 - Introduce a 7.5% allocation to a sustainable private credit mandate (subject to a manager selection exercise).
- In February 2025, the Trustees carried out the following transitions, bringing the Plan's allocations towards these new strategic targets:
 - Full disinvestment from the Baillie Gifford Diversified Growth fund on 18 February 2025;
 - a £7.2m disinvestment from the L&G Corporate Bond fund on 24 February 2025, reducing the allocation to c.5% as part of gradually bringing this allocation towards its new target;
 - a £9.8m investment into the L&G Over 5-year Index Linked Gilts fund on 24 February 2025, bringing the allocation to c.25% in line with its new target;
 - a £1.5m investment into the L&G Cash fund on 21 February 2025, to ensure sufficient liquidity to meet upcoming drawdowns for the Quinbrook Net Zero Power Fund.
- Post year-end, on 15 August 2025, the Federated Hermes Property Unit Trust merged into the L&G Managed Property Fund. The Plan's property investment is now in the L&G Managed Property Fund.

The allocation of the assets as at 31 March 2025 against each of the managers' target allocations can be found in the table overleaf.

The performance objective for Legal & General is to perform in line with the benchmark index returns for each of the equity and bond classes and thereby give a return close to that of their overall composite benchmark. The performance objective for Federated Hermes is to outperform the MSCI/AREF UK Other Balanced Property Funds Index by 0.5% per annum over rolling three-year periods, gross of fees. The performance objective for IFM Global Infrastructure Fund is to target a (net) return of 10.0% per annum over the long term (typically over 10 years). The objective of the IFM Net Zero Infrastructure Fund is to acquire and maintain a portfolio of global infrastructure investments with a target return of 8-10% per annum net of fees. Storebrand aims to achieve returns approximately in line with the MSCI World Net Return Index. The Quinbrook Net Zero Power Fund targets a (net) internal rate of return over the lifetime of the fund in excess of 13% p.a. with a 6% p.a. cash yield.

The Trustees continue to monitor and review the Plan's investment strategy on a regular basis.

The Trustees met regularly with their investment managers during the year to discuss the investments of the Plan.

Trustees' Report (continued)**Investment Policy and Management (continued)****Investment Policy and Target Objectives (Continued)**

The distribution of the Plan's assets, as at 31 March 2025, can be summarised as follows:

	Plan %	Target Allocation %
Legal & General (Global equity)	31.7	30.0
Storebrand (Global equity)	11.9	10.0
Federated Hermes (Property mandate)	7.8	10.0
IFM (Infrastructure mandate)	12.6	10.0
IFM (Net Zero Infrastructure mandate)	2.1	2.5
Quinbrook (Infrastructure mandate)	3.8	5.0
Private credit mandate	-	7.5
Legal & General (Bonds)	29.5	25.0
Legal & General (Cash) *	0.6	-
Total	100.0	100.0

*The LGIM Liquidity fund does not have a target allocation as it is held for short term liquidity needs rather than the long term investment strategy.

As at 31 March 2025, the Trustees had not yet selected a sustainable private credit manager, therefore this allocation remains underweight relative to target and the corporate bond allocation remains temporarily overweight. There is also a temporary allocation to the L&G Cash fund to ensure sufficient liquidity to meet expected Quinbrook drawdowns over a c.6 month time horizon. The Quinbrook commitment has not yet been fully drawn and therefore the allocation differs from its target allocation. The table below groups the assets by asset class and compares the actual allocation as at 31 March 2025 with the target allocation.

	Actual £	Actual %	Target %
Bonds and Cash:	70,819,279	30.1	25.0
Index-linked gilts	58,503,426	24.9	25.0
Corporate bonds	10,806,539	4.6	-
Cash	1,509,314	0.6	-
Return Seeking:	164,370,790	69.9	75.0
Equities (UK and overseas)	102,531,765	43.6	40.0
Property	18,283,005	7.8	10.0
Infrastructure	43,556,020	18.5	17.5
Private credit	-	-	7.5
Total	235,190,069	100.0	100.0

Note: numbers may not add up due to rounding

Trustees' report (continued)**Investment Policy and Management (continued)****Investment Pricing**

The L&G equity, corporate bond and gilt funds are priced and traded weekly by the investment manager, the L&G cash fund and Storebrand equity fund are priced and traded daily, and the property and IFM infrastructure funds are traded quarterly (although subscriptions to the property fund are able to be made on a monthly basis). The Quinbrook infrastructure fund is closed-ended and therefore not readily realisable. The Trustees regard all the investments of the Plan as readily marketable, except for the property and infrastructure funds.

Investment Performance

The annualised net performance of the Plan and the benchmark is shown below:

	Year Ending 31 March 2025 (% p.a.)	Three Years Ending 31 March 2025 (% p.a.)
Plan	2.3	(0.2)
Benchmark	1.8	0.1
Relative	0.5	(0.3)

The Plan has outperformed the benchmark over the last 12 months, primarily driven by outperformance of the IFM Global Infrastructure mandate. Underperformance over the three years to end 31 March 2025 has primarily been driven by underperformance of the Baillie Gifford Diversified Growth fund.

Statement of Investment Principles

In accordance with Section 35 of the Pensions Act 1995, the Trustees have prepared a Statement of Investment Principles ("SIP").

The Statement is required by law and summarises how the Trustees:

- set the investment policy and choose the most suitable types of investments for the Plan;
- delegate buying and selling investments to the Plan's investment managers; and
- monitor the performance of the Plan's investments.

The Trustees have set out their current approach to engagement on responsible investment issues within their SIP. They have delegated responsibility to the investment managers for taking environmental, social, and governance considerations into account, as well as the exercise of voting rights.

Implementation Statement

The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 introduced the requirement for an annual Implementation Statement to be prepared in which Trustees set out how and the extent to which the Stewardship policy in the SIP has been followed during the year. The legislation also requires the Implementation Statement to be included in the Annual Report and Accounts from 1 October 2020 and to be made publicly available online. The Implementation Statement, which forms part of the Trustees' Report, is included in Section 10.

Trustees' Report (continued)**Statement of Investment Principles (continued)****Environmental, Social and Governance ("ESG") Considerations**

The Trustees recognise that ESG considerations are among the factors that investment managers will take into account, where relevant, when selecting investments for purchase, retention or sale. The managers have produced statements setting out their policy in this regard. The managers have been delegated by the Trustees to act accordingly.

The Trustees expect their investment managers to take all financially material factors into account where relevant and the terms of the mandate permit.

In passive mandates, the Trustees recognise that the choice of benchmark dictates the assets held by the investment manager and that the manager has minimal freedom to take account of factors that may be deemed to be financially material. The Trustees accept that the role of the passive manager is to deliver returns in line with the index benchmark and believe this approach is in line with the basis on which their current strategy has been set. The Trustees will review the index benchmarks employed for the Plan at least every three years. However, even with passive mandates the Trustees expect the investment manager to engage actively with the management of companies in which the fund is invested.

In active mandates, the Trustees recognise that the manager has freedom to exercise discretion as to the choice of assets held. The Trustees expect their managers to take into account all financially material factors in the selection of assets within their portfolios and to be able to demonstrate their approach when challenged.

The Trustees do not have a policy of applying exclusions or restrictions to investment arrangements based on non-financially material factors. The Trustees have made investments in global equity funds that employ exclusionary policies. The Trustees recognise the rationale for the use of such policies by the respective fund managers and do not believe this will have a material impact on financial outcomes.

In August 2025 it was confirmed that the Plan had been successful in retaining its status as a UK Stewardship Code 2020 signatory, reflecting the Trustees' ongoing commitment to stewardship and good governance.

Exercise of Voting Rights

The Trustees have delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the managers have produced written guidelines of their processes and practice in this regard. The managers are encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies.

Investment managers report on voting and engagement activity to the Trustees on a periodic basis. The Trustees will monitor such activity and may periodically review and compare managers' voting patterns, particularly in relation to climate-related issues. The Trustees may also monitor investment managers' voting on particular companies or issues affecting more than one company. Where the Trustees deem it appropriate, they will raise issues of concern in respect of voting activity directly with their managers.

Where managers are responsible for investing in new issuance, the Trustees expect the manager to engage with the issuer about the terms on which capital is issued and the potential impact on the rights of new and existing investors. The Trustees encourage their investment managers to engage with key stakeholders to consider the management of conflicts of interest and improve corporate behaviours, improve performance and mitigate financial risks. Where necessary, investment managers are expected to notify the Trustees of any issue on which it may be beneficial for the Trustees to undertake further engagement. The Trustees review engagement activity undertaken by their investment managers.

Trustees' Report (continued)**Statement of Investment Principles (continued)****Manager Engagement**

The duration of each mandate is determined by the Trustees at its inception. For open-ended investments, the Trustees generally engage managers on an ongoing basis with no pre-determined term of appointment. For such mandates, the Trustees expect the minimum duration of the appointment will be three years, this being the period over which performance of the mandate can be appropriately evaluated, although all mandates are subject to ongoing review against various financial and non-financial metrics, in addition to reconsidering their continued appropriateness within the investment strategy. For closed-ended investments, the Trustees expect the term of the appointment to be the lifetime of the investment and will ensure that such term is appropriate for the Plan.

Remuneration for each mandate is determined at inception based on commercial considerations and typically set on an ad valorem basis. Where appropriate, the Trustees may consider and agree to a fee structure where the manager is incentivised to deliver outperformance relative to an agreed benchmark. The Trustees periodically review the fees paid to all of their managers against industry standards.

The Trustees have expectations of the level of turnover within each mandate which are determined at the inception of the mandate, based on the Trustees' knowledge of the manager, investment process and the nature of the underlying portfolio. The Trustees expect managers to report on at least an annual basis on the underlying assets held within the portfolio and details of any transactions over the period, including details of the costs associated with transactions. The Trustees will challenge the manager if there is a material deviation in portfolio turnover from expectations or historic experience within the mandate.

Copies of the SIP are available on the Plan website and on request from the Plan Secretary at the following address:

Secretary to the Trustees of the Arts Council Retirement Plan (1994)
Hymans Robertson LLP
One London Wall
London
EC2Y 5EA
Plan Website: artscouncilplan.co.uk

Statement of Trustees' Responsibilities

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

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; 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, 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 Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

The Trustees are also responsible for making available certain other information about the Plan in the form of an Annual Report.

The Trustees also have 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 Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustees are 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 Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Further Information

Internal Dispute Resolution (“IDR”) Procedures

It is a requirement of the Pensions Act 1995 that the Trustees of all occupational pension schemes must have an IDR procedure in place for dealing with any disputes between the Trustees and the Plan beneficiaries. A dispute resolution procedure has been agreed by the Trustees, details of which can be obtained by writing to the contact named below.

Contact for Further Information

Any enquiries or complaints about the Plan, including requests from individuals about their benefits or requests for a copy of Plan documentation, should be sent to:

The Arts Council Pension Department
Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

Email: ArtsCouncil@hymans.co.uk

Plan Website: artscouncilplan.co.uk

The Money and Pension Service (“MaPS”)

This service is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the trustees of the Scheme. MaPS has launched MoneyHelper, which brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise to create a single place to get help with money and pension choices. MoneyHelper is impartial, backed by the government and free to use.

Money and Pensions Service
Bedford Borough Hall
138 Cauldwell Street
Bedford
MK42 9AB
Tel: 0800 011 3797
www.moneyhelper.org.uk

The Pensions Ombudsman

Members have the right to refer their complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the events(s) the member is complaining about happened – or, if later, within three years of when they first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London
E14 4PU
Tel: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

Members can also submit a complaint form online: <https://www.pensions-ombudsman.org.uk/making-complaint>

Further Information (continued)

The Pensions Regulator ("TPR")

TPR has the objectives of protecting the benefits of members, promoting good administration, taking account of the sustainable growth plans of the sponsoring employer and reducing the risk of claims on the PPF. TPR has the power to investigate schemes, to take action to prevent wrongdoing in or maladministration of pension schemes and to act against employers failing to abide by their pension obligations. TPR may be contacted at the following address:

The Pensions Regulator
Telecom House
125-135 Preston Road
Brighton
BN1 6AF
www.thepensionsregulator.gov.uk

Pension Tracing Service

The Pension Schemes Registry has been replaced with the Pension Tracing Service and is now provided by the Department for Work and Pensions. Responsibility for compiling and maintaining the register of occupational pension schemes has been passed to The Pensions Regulator.

Contact details for the services are as follows:

The Pension Service
Post Handling Site A
Wolverhampton
WV98 1AF
Telephone: 0800 731 0175
www.gov.uk/find-pension-contact-details

Approval of the Report by the Trustees

The investment report included in this Annual Report and Financial Statements forms part of the Trustees' report.

Signed for and on behalf of the Trustees of Arts Council Retirement Plan (1994) by:



Trustee



Trustee

17 October 2025

Date

Section 3 – Independent Auditor's Report

Independent Auditor's Report to the Trustees of The Arts Council Retirement Plan (1994)

Opinion

We have audited the financial statements of the Arts Council Retirement Plan (1994) for the year ended 31 March 2025 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including significant accounting policies. 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).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than 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; 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.

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 Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 Trustees' 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 Plan'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.

However, as we cannot predict all future events or conditions, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

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

Other information

The Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report (continued)**Other information (continued)**

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 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 Trustees

As explained more fully in the statement of Trustees' responsibilities set out on page 19, the Trustees are responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine 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 Trustees are responsible for assessing the Plan'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 Trustees either intend to wind up the Plan or have 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the Plan. This is addressed by obtaining direct confirmation from the investment fund managers of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. Reviewing the AAF 01/20 / ISAE 3402 Assurance Reports on Internal Controls or similar for fund managers and testing investment transactions to the investment manager reports.
- Non-receipt of contributions due to the Plan from the employers. This is addressed by testing contributions due are paid to the Plan in accordance with the schedule of contributions agreed between the employers and Trustees.

Independent Auditor's Report (continued)**Auditor's responsibilities for the audit of the financial statements (continued)**

- We have identified relevant laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, as the Pensions Acts 1995 and 2004 (and regulations made thereunder), FRS 102, and the Pensions Statement of Recommended Practice (SORP). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- Reviewing meeting minutes and any correspondence with the Pensions Regulator.
- Discussing whether there are any significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.

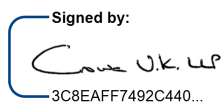
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of Our Report

This report is made solely to the Plan's Trustees, 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 Plan's Trustees 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 Plan's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

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Crowe U.K. LLP

Statutory Auditor

London

Date 20-Oct-2025

Section 4 – Financial Statements

Fund Account for the year ended 31 March 2025

	Note	Total 2025 £	Total 2024 £
CONTRIBUTIONS AND BENEFITS			
Contributions - employer	4	7,231,557	7,704,166
- members	4	2,182,294	2,009,070
Transfers in	5	440,676	292,828
		<u>9,854,527</u>	<u>10,006,064</u>
Benefits paid or payable	6	(6,642,937)	(4,818,825)
Payments to and on account of leavers	7	(98,980)	(67,435)
Other payments	8	(92,316)	(94,384)
Administrative expenses	9	(1,530,239)	(1,124,271)
		<u>(8,364,472)</u>	<u>(6,104,915)</u>
Net additions from dealings with members		1,490,055	3,901,149
RETURNS ON INVESTMENTS			
Investment income	11	1,231,055	1,182,317
Investment management expenses	12	(198,155)	(180,097)
Change in market value of investments	13.1	1,335,057	16,930,615
Net returns on investments		2,367,957	17,932,835
Net increase in the fund during the year		3,858,012	21,833,984
Net assets of the Plan at the start of the year		233,019,860	211,185,876
Net assets of the Plan at the end of the year		236,877,872	233,019,860

The accompanying notes on pages 27 to 41 form an integral part of these financial statements.

Financial Statements for the year ended 31 March 2025 (continued)
Statement of Net Assets (available for benefits) as at 31 March 2025

	Note	2025 £	2024 £
Investment assets	13.1		
Pooled investment vehicles		235,190,069	231,756,139
AVC investments		38,174	37,927
Other investment balances		174,340	197,335
		235,402,583	231,991,401
Current assets	14	1,902,511	1,877,066
Current liabilities	15	(427,222)	(848,607)
Net assets available at the end of the year		236,877,872	233,019,860

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities in Section 9 and these financial statements should be read in conjunction with that Report.

Signed for and on behalf of the Trustees of the Arts Council Retirement Plan (1994) by:

 Trustee

 Trustee

17 October 2025 Date

The accompanying notes on pages 27 to 41 form an integral part of these financial statements.

Section 5 – Notes to the Financial Statements

Notes to the financial statements for the year ended 31 March 2025

1 BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis and in accordance with the Occupational Pension Schemes (Requirements 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 and the guidance set out in the Statement of Recommended Practice (Revised 2018) (“the SORP”).

The financial statements are prepared in sterling, which is the functional currency of the Plan. Monetary amounts in these financial statements are rounded to the nearest £.

2 IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Plan is established as a trust under English law. The address for enquiries to the Plan is:

Secretary to the Trustees of the Arts Council Retirement Plan (1994)
Hymans Robertson LLP
One London Wall
London
EC2Y 5EA

3 ACCOUNTING POLICIES

The principal accounting policies, which have been consistently applied during the year, are set out below.

3.1 Contributions and benefits

Normal contributions from Members and from the Employers are accounted for on an accruals basis in the month employee contributions were deducted from the payroll.

Employer deficit funding contributions are accounted for in accordance with the agreement under which they are paid or, in the absence of such an agreement, when received.

Additional voluntary contributions from Members are accounted for, on an accruals basis, in the month deducted from payroll.

Benefits are accounted for in the period they fall due.

3.2 Transfers to and from other schemes

Individual transfer values from and to other pension arrangements are accounted for when received or paid.

3.3 Expenses

Investment management and other expenses are accounted for on an accruals basis.

3.4 Investment income

PIVs which are accumulation funds include their underlying income within the unit price which is reported within the change in market value of investments.

Income from cash and short-term deposits is accounted for on an accruals basis.

3.5 Investments

PIVs are valued at the closing bid price if both bid and offer prices are published, or, if single priced, at the closing price.

Unquoted securities are valued by the investment manager at the year end at fair value.

Notes to the financial statements for the year ended 31 March 2025 (continued)**3 ACCOUNTING POLICIES (continued)****3.6 Foreign currencies**

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

3.7 Annuities

In applying FRS 102, the accounting policy for the valuation of annuities has been changed to include annuity policies in the financial statements at the value of the related obligation to pay future benefits funded by the policy. Annuity policies were previously included in the Statement of Net Assets (available for benefits) at nil value.

There is one annuity policy held with Standard Life which covers one member. The Trustees have reviewed this annuity policy and found that the valuation of the policy is immaterial. They have therefore continued to value them at nil. No collateral is held in respect of this policy

4 CONTRIBUTIONS

	2025 £	2024 £
Employers:		
Normal	6,917,857	6,173,666
Amounts to cover expenses	27,000	10,800
Deficit*	286,700	1,519,700
	<u>7,231,557</u>	<u>7,704,166</u>
Members:		
Normal	2,085,970	1,891,349
Additional Voluntary Contributions – added years	96,324	117,721
	<u>2,182,294</u>	<u>2,009,070</u>
	<u>9,413,851</u>	<u>9,713,236</u>

*Deficit contributions include £192,800 (2024: £192,800) of contributions earned during the year and unwound from a prepayment made in financial year 2023 covering the period 1 April 2023 to 31 March 2026 – see Note 15.

A new Schedule of Contributions was agreed dated 31 March 2025 and applied from 1 April 2025 until 30 September 2025. It replaced the previous Schedule with effect from 1 April 2025. The principal change to this Schedule of Contributions was the introduction of a clause for Arts Council England allowing them to cease deficit contributions from 1 April 2026 if an additional lump sum payment of £1.2m was made on or before 31 March 2024. This was received by the Plan in February 2024 and so the clause has been activated.

The new Schedule also incorporated a 5% reduction to the ordinary employer contributions for the period 1 April 2025 to 31 March 2026 for the Arts Council of Wales and Creative Scotland.

A further update was made to the Schedule of Contributions and a revised Schedule was agreed dated 25 September and applies from 1 October 2025 until 31 March 2034. It replaces the previous Schedule dated 31 March 2025 with effect from 1 October 2025. This new Schedule incorporated a 5% reduction to the ordinary employer contributions for the period 1 October 2025 to 31 March 2025 for Arts Council England. The ordinary employer contributions for the period 1 April 2026 to 31 March 2034 are also specified in the new Schedule, although contributions from 1 April 2026 are expected to be revised before that date in line with the ongoing formal valuation at 31 March 2025. For further detail on the new schedule please see pages 7 to 11.

Notes to the financial statements for the year ended 31 March 2025 (continued)

5 TRANSFERS IN

	2025	2024
	£	£
Individual transfers in from other schemes	440,676	292,828

6 BENEFITS PAID OR PAYABLE

	2025	2024
	£	£
Pensions	4,520,807	3,894,391
Commutations and lump sum retirement benefits	2,093,067	815,046
Ill health lump sum	-	30,276
Lump sum death benefits	25,802	79,112
Taxation where lifetime or annual allowance exceeded	3,261	-
	6,642,937	4,818,825

7 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2025	2024
	£	£
Refunds to members leaving service	55,629	37,567
Individual transfers to other schemes	43,351	29,868
	98,980	67,435

8 OTHER PAYMENTS

	2025	2024
	£	£
Premiums on term insurance policies	92,316	94,384

Lump sum death in service benefits were secured by a policy of assurance underwritten by Zurich Assurance Ltd.

Notes to the financial statements for the year ended 31 March 2025 (continued)**9 ADMINISTRATIVE EXPENSES**

	2025	2024
	£	£
Actuarial and consulting fees	593,348	384,642
Administration fees	293,315	198,396
Audit fees	33,860	27,892
Legal fees	108,490	95,387
Trustee fees and expenses	39,338	32,451
Investment consulting fees	307,786	229,320
Pension Protection fund levies	134,734	136,165
Bank and other miscellaneous charges	2,998	1,465
Trustee liability insurance premium	16,370	18,553
	<u>1,530,239</u>	<u>1,124,271</u>

10 TAX

The Arts Council Retirement Plan (1994) is a registered pension scheme for tax purposes under the Finance Act 2004. The Plan is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate (see Note 11 below).

11 INVESTMENT INCOME

	2025	2024
	£	£
Income from pooled investment vehicles*	1,161,960	1,103,850
Annuity income	270	3,501
Interest on cash deposits	68,825	74,966
	<u>1,231,055</u>	<u>1,182,317</u>

*Income from PIVs includes a distribution of £414,164 paid by Storebrand Asset Management AS (2024: £416,613) on 3 October 2024. This was reinvested within the fund.

12 INVESTMENT MANAGEMENT EXPENSES

	2025	2024
	£	£
Administration, management and custody	<u>198,155</u>	<u>180,097</u>

Notes to the financial statements for the year ended 31 March 2025 (continued)

13 INVESTMENTS

13.1 INVESTMENT RECONCILIATION

The movements in investments during the year were:

	<i>Opening value £</i>	<i>Purchase cost £</i>	<i>Sales proceeds £</i>	<i>Change in market value £</i>	<i>Closing value £</i>
Pooled Investment Vehicles					
Legal & General Global Equity Funds	76,783,762	-	(5,805,910)	3,548,916	74,526,768
Legal & General Bond Funds	59,681,075	23,550,000	(7,290,405)	(6,630,705)	69,309,965
Storebrand Global ESG Plus Fund	27,177,036	414,164	-	413,796	28,004,996
Legal & General Liquidity Cash Fund	61	4,000,000	(2,500,086)	9,339	1,509,314
Baillie Gifford Diversified Growth Fund	14,223,712	-	(14,948,754)	725,042	-
IFM Infrastructure Fund	27,512,846	-	-	2,192,480	29,705,326
IFM Net Zero Infrastructure Fund	2,534,310	2,500,000	-	(96,763)	4,937,547
Federated Hermes Property Unit Trust	17,876,448	-	-	406,557	18,283,005
Quinbrook Net Zero Power Fund	5,966,889	2,762,282	(582,171)	766,148	8,913,148
	231,756,139	33,226,446	(31,127,326)	1,334,810	235,190,069
AVC Investments					
Aegon Scottish Equitable plc	37,927	-	-	247	38,174
	231,794,066	33,226,446	(31,127,326)	1,335,057	235,228,243
Other Investment Balances	197,335				174,340
Total Investment Assets	231,991,401				235,402,583

The change in the market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

There are no direct transaction costs. Indirect costs are incurred through the bid-offer spread on investments within PIVs. The amount of indirect costs is not separately provided to the Plan. It has not been possible for the Trustees to quantify such indirect costs.

Note that Legal & General Bond Funds incorporates the Over 5y Index-Linked Gilts fund and Over 15y AAA-AA-A Bonds Index fund.

Notes to the financial statements for the year ended 31 March 2025 (continued)

13 INVESTMENTS (CONTINUED)

13.1 INVESTMENT RECONCILIATION (CONTINUED)

Over the Plan year, the following strategic transitions were completed:

- The Plan made a £5.0m commitment to the IFM Net Zero Infrastructure Fund in October 2023. The second, and final drawdown, was called for 15 November 2024, and totalled £2.5m. This was funded by a £2.5m disinvestment from the Legal & General Cash Fund. The funds were transferred to IFM on 28 November 2024.
- In January 2025 the Trustees agreed the following changes to the investment strategy:
 - Fully disinvest from the Baillie Gifford Diversified Growth Fund (previous target allocation of 2.5%) and L&G Corporate Bond fund (previous target allocation of 10%);
 - Increase the allocation to the L&G Over 5-year Index-Linked Gilts fund from 20% to 25%;
 - Introduce a 7.5% allocation to a sustainable private credit mandate (subject to a manager selection exercise).
- In February 2025, the Trustees carried out the following transitions, bringing the Plan's allocations towards these new strategic targets:
 - Full disinvestment from the Baillie Gifford Diversified Growth fund on 18 February 2025;
 - a £7.2m disinvestment from the L&G Corporate Bond fund on 24 February 2025, reducing the allocation to c.5% as part of gradually bringing this allocation towards its new target;
 - a £9.8m investment into the L&G Over 5-year Index Linked Gilts fund on 24 February 2025, bringing the allocation to c.25% in line with its new target;
 - a £1.5m investment into the L&G Cash fund on 21 February 2025, to ensure sufficient liquidity to meet upcoming drawdowns for the Quinbrook Net Zero Power Fund.

Notes to the financial statements for the year ended 31 March 2025 (continued)

13 INVESTMENTS (CONTINUED)

13.2 PIVs

The market value of PIVs held at 31 March 2025 can be analysed as follows:

	2025	2024
	£	£
Equity funds ¹	102,531,765	103,960,798
Absolute Return funds ^{1,2}	-	14,223,712
Property fund	18,283,005	17,876,448
Infrastructure funds ¹	43,556,020	36,014,045
Bond funds	69,309,965	59,681,075
Cash funds	1,509,314	61
	<u>235,190,069</u>	<u>231,756,139</u>

¹ These funds hold investments in overseas markets.

² Absolute return funds holds a variety of investments including equities, bonds, cash and derivatives.

Note: numbers may not add up due to rounding.

All fund managers operating the PIVs are registered in the United Kingdom, except for Storebrand, which is registered in the Republic of Ireland and Quinbrook which is registered in the United States.

13.3 AVC INVESTMENTS

The Trustees hold assets invested separately from the main fund in the form of insurance policies. These secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and the movements in the year.

	2025	2024
	£	£
Aegon Scottish Equitable plc	<u>38,174</u>	<u>37,927</u>

Notes to the financial statements for the year ended 31 March 2025 (continued)**13 INVESTMENTS (CONTINUED)****13.4 CONCENTRATION OF INVESTMENTS**

The following investments had a market value in excess of 5% of the total net assets of the Plan as at 31 March 2025 and as at 31 March 2024:

Investment	2025 £	2025 %	2024 £	2024 %
Legal & General Over 5 Year Index-Linked Gilts Fund	58,503,426	24.7	40,595,756	17.4
IFM Infrastructure Fund	29,705,326	12.5	27,512,846	11.8
Storebrand Global ESG Plus Fund	28,004,996	11.8	27,177,035	11.7
Legal & General Future World Fund GBP Hedged Fund	26,586,425	11.2	25,850,049	11.1
Legal & General Future World Fund	24,361,670	10.3	23,795,723	10.2
Legal & General Future World Global Equity Index Fund GBP	23,578,674	10.0	27,137,990	11.6
Legal & General AAA-AA-A Bonds*	10,806,539*	4.6*	19,085,319	8.2
Federated Hermes Property Fund	18,283,005	7.7	17,876,448	7.7
Baillie Gifford Diversified Fund	-	-	14,223,712	6.1

*This fund was less than 5% of total net assets in the year ended 31 March 2025

Notes to the financial statements for the year ended 31 March 2025 (continued)**13 INVESTMENTS (CONTINUED)****13.5 INVESTMENTS FAIR VALUE HIERARCHY**

The fair value of financial instruments has been prepared using the following fair value hierarchy:

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment date;
- Level 2 Inputs other than the quoted prices included within Level 1 which are observable (i.e. developed for the asset or liability, either directly or indirectly);
- Level 3 Inputs which are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Plan's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

As at 31 March 2025	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled Investment Vehicles	28,004,996	145,346,048	61,839,025	235,190,069
AVC Investments	-	38,174	-	38,174
Other Investment Balances	174,340	-	-	174,340
	28,179,336	145,384,222	61,839,025	235,402,583

As at 31 March 2024	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled Investment Vehicles	-	177,865,646	53,890,493	231,756,139
AVC Investments	-	37,927	-	37,927
Other Investment Balances	197,335	-	-	197,335
	197,335	177,903,573	53,890,493	231,991,401

Notes to the financial statements for the year ended 31 March 2025 (continued)

13 INVESTMENTS (CONTINUED)

13.6 INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

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 due to 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 due to 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 due to changes in market prices (other than those arising from interest rate risk or currency risk). Such changes may be caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustees by regular reviews of the investment portfolios. For further detail on the Trustees' investment strategy please see the Investment Policy and Target Objectives section of the Investment Policy and Management report on pages 13 to 14.

Further information on the Trustees' approach to risk management, credit and market risk is set out below. This does not include the legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Plan.

The following table summarises the extent to which the various classes of investments are affected by financial risks:

	Credit	Currency	Market risk		Value £	
			Interest rate	Other price	2025	2024
Pooled investment Vehicles					235,190,069	231,756,139
- Direct risk	●	●	○	○		
- Indirect risk	●	●	●	●		
Cash deposits and other net investment assets	●	○	○	○		

In the above table, the risk noted affects the asset class [●] significantly, [●] partially or [○] hardly/ not at all.

Notes to the financial statements for the year ended 31 March 2025 (continued)**13 INVESTMENTS (CONTINUED)****13.6 INVESTMENT RISKS (CONTINUED)****(I) CREDIT RISK**

The Plan is subject to credit risk as the Plan holds cash balances. The Plan also invests in PIVs and is therefore directly exposed to credit risk in relation to the instruments it holds in these vehicles.

Cash is held within financial institutions which are at least investment grade credit-rated. The Plan's holdings in PIVs are unrated due to the nature of the investments.

Direct credit risk arising from PIVs is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the managers operate and diversification of investments amongst a number of pooled arrangements and managers. Trustees carry out due diligence checks on the appointment of new PIVs and on an ongoing basis monitor any changes to the regulatory and operating environment of the managers.

The Plan is also subject to indirect credit risk in relation to underlying investments held in the bond funds and the infrastructure funds and a proportion of the absolute return funds, although the proportion subject to credit risk will depend on the investments held by the managers. The risk is mitigated by investing in funds that only hold investment grade credit rated investments or government bonds, or through the use of collateral arrangements. The investment managers will consider the risk and expected reward when determining in which investments to invest.

The above disclosure relates to both the current and preceding year.

A summary of the PIVs' direct credit risk is as follows:

	31 March 2025	31 March 2024
	£	£
Unit linked contract	145,346,048	136,464,899
Common contractual fund	28,004,996	27,177,035
Open ended investment companies	-	14,223,712
Unit trusts	18,283,005	17,876,448
Limited liability partnership	43,556,020	36,014,045
Total	235,190,069	231,756,139

Notes to the financial statements for the year ended 31 March 2025 (continued)**13 INVESTMENTS (CONTINUED)****13.6 INVESTMENT RISKS (CONTINUED)****(II) CURRENCY RISK**

The Plan is subject to currency risk because some of the Plan's investments are held in overseas markets via PIVs, as detailed in Note 13.2, although the proportion subject to currency risk will depend on the investments by the investment managers. These funds are denominated in Sterling, with Sterling-based returns and targets and the investment managers are responsible for managing any currency risk within the funds. The investment managers accept currency risk where this facilitates overseas investment, taking into account the risks and the expected reward.

The Plan invests in a US Dollar-denominated infrastructure fund and is therefore directly exposed to currency risk in this investment. The Plan's total direct unhedged exposure by major currency at the year-end was as follows:

Currency	31 March 2025 £	31 March 2024 £
US Dollar	8,913,149	5,996,890

The remainder of the funds in which the Plan invests are not denominated in a foreign currency and as such the Plan is not exposed to direct currency risk in these investments. The Plan is however subject to indirect currency risk as some of the Plan's investments via PIVs are held in overseas markets. The Trustees have decided to hedge approximately half of the currency risk in the overseas equity funds and not hedge currency risk for the absolute return investments. The above disclosure relates to both the current and preceding year.

(III) INTEREST RATE RISK

The Plan is subject to interest rate risk because the Plan is invested in bonds, property, cash and loans through its bond funds, property fund, infrastructure funds and a proportion of the absolute return funds as disclosed in Note 13.2. The exposure to interest rate risk will be dependent on the investments held by the investment managers.

The interest rate exposure of the Plan's assets offsets part of the corresponding interest rate risk within the Plan's actuarial liabilities. The net effect will be a reduction to the volatility of the funding level, and so the Trustees believe that it is appropriate to have exposures to these risks in this manner. The above disclosure relates to both the current and preceding year.

(IV) OTHER PRICE RISK

The Plan is subject to other price risk as the Plan is invested in equities and property through the equity funds, property funds and a proportion of the absolute return funds, as well as infrastructure through the infrastructure fund, as disclosed in Note 13.2. The exposure to other price risk will be dependent on the investments held by the investment managers. The Plan manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets. This was the case at the current and preceding year end.

The above disclosure relates to both the current and preceding year.

Notes to the financial statements for the year ended 31 March 2025 (continued)**14 CURRENT ASSETS**

	2025	2024
	£	£
Cash	1,145,030	883,590
Pensions paid in advance	-	287,123
Employers' contributions due	502,181	529,917
Members' contributions due	160,469	163,885
Additional voluntary contributions due	7,807	10,919
Other debtors	76	1,632
Prepayments	86,948	-
	1,902,511	1,877,066

Contributions due to the Plan following the year end were received by the Plan in accordance with the Schedules of Contributions.

15 CURRENT LIABILITIES

	2025	2024
	£	£
Lump sums on retirement due	23,502	156,757
Lump sums on death due	-	26,823
Leaver refunds due	835	796
Fees payable	197,836	270,065
Other creditors	12,249	8,566
Contributions prepayment*	192,800	385,600
	427,222	848,607

*This relates to a prepayment of deficit contributions for Arts Council England for the three years from 1 April 2023 to 31 March 2026. As at 31 March 2025 two years of this has been earned and recognised within employer deficit contributions (2024: one year)

16 RELATED PARTY TRANSACTIONS

All of the Trustees, with the exception of C Daykin and M Engelbretson, were either contributing members or beneficiaries of the Plan during the year. All of their contributions and benefits are in accordance with the rules of the Plan.

During the year, the Plan incurred Trustees' fees and expenses of £39,338 (2024: £32,451). Other than those items disclosed elsewhere in the financial statements, there were no other related party transactions.

Notes to the financial statements for the year ended 31 March 2025 (continued)**17 CONTINGENCIES AND COMMITMENTS**

Contractual commitments – PIVs

Holding	Maximum committed	Capital drawn as at 31 March 2025	Potential further investments
IFM Net Zero Infrastructure Fund (GBP) SCSP	£5,000,000	£5,000,000	-
Quinbrook Infrastructure Partners III-B - Net Zero Power Fund LP	\$13,000,000 £10,071,664	\$9,513,383 £7,370,430	\$3,486,162 £2,700,881

18 GMP EQUALISATION

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on the initial assessment of the likely backdated amounts and related interest, the Trustees did not expect these to be material to the financial statements and therefore did not include a liability in respect of these matters in the financial statements. They will be accounted for in the year they are determined. The majority of the current members' benefits have been equalised and related costs were recognised in the year ended 31 March 2025.

The Trustees have formed a GMP Equalisation Sub-Committee ("GMPESC") responsible for working with the Trustees' legal and actuarial advisors to understand the issues and various decision points required to complete the GMP Equalisation project. The GMPESC met twice during the year and made recommendations to the Trustee Board on issues such as the implementation approach for pension adjustments and arrears to be paid to members impacted by both GMP Equalisation and GMP Rectification. All of these in-principle decisions were later ratified by the full Trustee Board at a subsequent Trustees' meeting and decisions requiring sponsor consent were confirmed with the Employers, for example, where implementation approach required an augmentation of benefits under the Plan Rules. The Trustees previously agreed with the Employers to use the dual records method 'Method B' for the GMP Equalisation calculations and as part of the implementation of equalised benefits it was agreed that no pensions in payment would be reduced.

On 20 November 2020, the High Court handed down a further judgment involved the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that the schemes were responsible for the equalisation of benefits for men and women in relation to guaranteed minimum pension benefit in historical transfers out from the Plan. The judgment is unclear on whether bulk transfers also require amendment. There is further uncertainty regarding those members that transfer out of the plan on the Public Sector Transfer Club basis and whether GMP needs to be equalised for these members. Given the small number of members that transfer out of the Plan, the Trustees do not expect these amounts to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined. In relation to transfer values currently calculated and quotes being issued to members, the Trustees now include an estimate of the impact of GMP Equalisation on members' benefits in these transfer values.

The next full actuarial valuation of the Plan is due as at 31 March 2025. Pending the Plan's records being updated to allow for GMP equalisation, the most recent valuation, as at 31 March 2022, made an approximate allowance for the impact of GMP equalisation by including a loading of 0.4% of liabilities within the technical provisions (equivalent to approximately £1,000,000). This allowance was based on modelling carried out by Hymans Robertson to estimate the liability impact. The reserve will be revised as part of the 31 March 2025 formal valuation to reflect that the majority of current members impacted by GMP Equalisation have now had their pension records adjusted and arrears payments have been processed relating to historical underpayments. During the period of these accounts, c£210k was paid out to members in relation to historical arrears for GMP Equalisation.

Notes to the financial statements for the year ended 31 March 2025 (continued)

19 EMPLOYER RELATED INVESTMENTS

There were no employer-related investments during the year to 31 March 2025 (2024: £nil).

Section 6 – Independent Auditor's Statement about Contributions

Independent Auditor's Statement about Contributions to the Trustees of the Arts Council Retirement Plan (1994)

Statement about contributions payable under the schedule of contributions

We have examined the summary of contributions payable to the Arts Council Retirement Plan (1994), for the Plan year ended 31 March 2025 which is set out on page 43.

In our opinion contributions for the Plan year ended 31 March 2025 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions as certified by the Actuary on 22 March 2024.

Basis of opinion

Our objective is to obtain sufficient evidence 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 Plan and the timing of those payments under the Schedule of Contributions.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Plan's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan. The Trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions.

Auditor's responsibilities for the statement about 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 statement

This statement is made solely to the Plan's Trustees, as a body, in accordance with 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 Plan's Trustees 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 Plan's Trustees as a body, for our work, for this statement, or for the opinion we have formed.

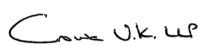
Crowe U.K. LLP

Statutory Auditor

London

Date 20-Oct-2025

Signed by:


3C8EAF7492C440...

Section 7 - Summary of Contributions Payable in the Year

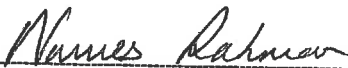
During the year, the contributions payable to the Plan were as follows:

	Employer	Member
	£	£
Contributions payable under the Schedule of Contributions		
Normal	6,917,857	2,085,970
Amounts to cover expenses	27,000	-
Deficit	286,700	-
	7,231,557	2,085,970
Other contributions payable		
Additional Voluntary Contributions – added years	-	96,324
Total contributions payable to the Plan	7,231,557	2,182,294

Signed for and on behalf of the Trustees of Arts Council Retirement Plan (1994) by:



Trustee



Trustee

17 October 2025

Date

Section 8 – Actuarial Certificate



Arts Council Retirement Plan (1994) | Hymans Robertson LLP

Arts Council Retirement Plan (1994)
Schedule of Contributions – Actuarial Certificate

Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective on 31 March 2022 can be expected to be met by the end of the period specified in the recovery plan dated 22 March 2024.

Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated 11 April 2023.

Please note that the adequacy of contributions statement in this certificate relates to the Plan's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the Plan's full liabilities with annuities if the Plan were to wind up.

Signature **BILL BARNES**

Date **25-Sep-2025 | 12:24 BST**

Name	Bill Barnes
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	One London Wall, London, EC2Y 5EA

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

Section 9 – Report on Actuarial Liabilities (forming part of the Trustees' Report)

The results of the 31 March 2022 funding valuation

The most recent valuation of the Plan showed that on 31 March 2022:

- There were £232.4 million assets in the Plan available for paying out benefits.
- The estimated cost of providing benefits for Plan members was £250.7 million (this figure is known as the Technical Provisions, it is derived using a set of prudent assumptions as determined by the Trustees with help from the Actuary).
- This means that there was a deficit of £18.3 million at 31 March 2022, equivalent to a funding position of 93%.

Method and assumptions used in the 31 March 2022 valuation

The estimated cost of providing benefits for Plan members is assessed using assumptions agreed between the Trustees and the Principal Employer. A summary of the method and significant actuarial assumptions made is as follows.

Method

The Trustees use the recognised actuarial method, known as the 'projected unit method', to calculate its provisions.

Assumptions

Assumption	31 March 2022 valuation assumptions
RPI inflation	Market expectations of future inflation based on the Bank of England inflation curve (derived from the difference between yields on fixed and index-linked government bonds) with a 0.3% p.a. deduction to allow for an inflation risk premium.
CPI inflation	Assumption for RPI inflation minus 1.0% p.a. prior to February 2030 and minus 0.1% p.a. from February 2030.
Future salary increases	Assumed to be 3.5% p.a. until and including April 2024 increase and in line with CPI inflation thereafter.
Pension increases (before and after retirement)	Assumed to be in line with CPI inflation (other than for certain Crafts Council members for whom pension increases are assumed to be in line with RPI inflation).
Discount rate in relation to past service	Assumed to be 1.5% p.a. above the Bank of England gilt yield curve.
Base mortality	Pre-retirement mortality: S3NMA / S3NFA Post-retirement mortality: 2022 VITA tables
Future improvements in longevity	Continuous Mortality Investigation ("CMI") 2021 core model, with an initial addition (factor A) of 0.30% p.a. for males and females, a long-term rate of improvement of 1.50% p.a. for males and females, and other CMI parameters as per the core model.

Section 10 – Arts Council Retirement Plan (1994) – Implementation Statement for 2019 DB Regulations

Statement of Compliance with the Arts Council Retirement Plan's ("the Plan") Stewardship Policy for the year ending 31 March 2025.

Introduction

This is the Trustees' statement prepared in accordance with the requirements of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended). This statement sets out how the Trustees have complied with the Plan's Stewardship Policy during the period from 1 April 2024 to 31 March 2025.

Stewardship policy

The Trustees' Stewardship (voting and engagement) Policy sets out how the Trustees will behave as an active owner of the Plan's assets, which includes the Trustees' approach to:

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustees monitor and engage with their investment managers and any other stakeholders.

The Plan's Stewardship Policy can be found within the Statement of Investment Principles ("SIP"). The SIP and the Stewardship Policy are reviewed on an annual basis and were last reviewed in August 2025.

You can review the Plan's SIP and Stewardship Policy at: www.artscouncil.org.uk/benefits/arts-council-retirement-plan.

The Trustees have delegated voting and engagement activity in respect of the underlying assets to the Plan's investment managers. The Trustees believe it is important that their investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues that affect a company's financial performance.

The Trustees' own engagement activity is focused on their dialogue with their investment managers, which is undertaken in conjunction with their investment advisers. The Trustees meet regularly with their managers and consider managers' exercise of their stewardship both during these meetings and through reporting provided by their investment adviser annually.

The Trustees also monitor their compliance with their Stewardship Policy on an annual basis and are satisfied that they have complied with the Plan's Stewardship Policy over the last year.

UK Stewardship Code signatory

In August 2024, the Trustees were successful in being approved by the Financial Reporting Council (FRC) to remain a signatory of the UK Stewardship Code 2020 for another year. The Plan has been a signatory since August 2023, reflecting the Trustees' Stewardship practices since 1 April 2022.

The Trustees will strive to remain a signatory by making incremental improvements to their stewardship of assets, in order to continue meeting the high standards set by the UK Stewardship Code. The signatory status is reflective of the Trustees' commitment to stewardship and responsible investment.

Trustees' priority stewardship themes

As detailed in the Plan's SIP, the Trustees have identified priority stewardship themes that they seek to address in their ongoing engagements with managers. The purpose of prioritising certain themes is to bring focus to the Trustees' manager engagement sessions and to provide consistency of stewardship activity. The themes are not exhaustive, and the Trustees may also engage with managers on additional topics as appropriate. The themes are expected to be in place for a period of several years given their enduring nature, and will be periodically tested by the Trustees. The Trustees' priority stewardship themes are detailed below.

Environmental theme

Achieving net zero: we will aim to monitor whether our managers and the companies within their portfolios are focused on ensuring companies are on a trajectory to decarbonise their activity. Within this, we will specifically focus on:

- Climate change: Decarbonisation of industry, looking to ensure that those companies with high emissions are taking strategic actions to make changes in line with the goal of reaching zero carbon emissions (SDGs 12 & 13).
- Biodiversity: Addressing deforestation, looking to ensure that those companies affected are taking steps to pursue actions that will reduce deforestation (SDGs 14 & 15).

Social theme

Good employment practices: we will aim to ensure that our managers and the companies within their portfolios are focused on promoting good employment practices. Within this, we will specifically focus on:

- Decent work & employment practices: looking to ensure that those companies involved in manufacturing are protecting labour rights and promoting safe and secure working environments (SDG 8).
- Diversity & Inclusion: ensuring companies are providing equal opportunities and are actively reducing inequalities, promoting inclusion irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status, particularly in the context of emerging markets. Where there are cultural barriers that impact companies in emerging markets, understanding what steps are being taken to achieve fair representation (SDGs 5 & 10).

Governance theme

Good quality disclosures: we will aim to ensure that our managers and the companies within their portfolios provide timely, accurate disclosures, in particular with respect to the provision of financially material ESG data. Where data may be challenging or uneconomic to collect, e.g. private markets, understanding what actions are being taken to ensure ESG risks are being properly managed.

Voting activity

The Trustees seek to ensure that their managers are exercising voting rights and where appropriate, and monitor managers' voting patterns, particularly in relation to the Trustees' priority stewardship themes. The Trustees also monitor investment managers' voting on particular companies or issues affecting more than one company. Where the Trustees deem it appropriate, they will raise issues of concern in respect of voting activity directly with their managers. The Trustees have invested in equity assets through several different mandates and their investment managers have reported on how votes were cast in each of these mandates as set out in the table below.

Arts Council Retirement Plan (1994)

	Fund 1	Fund 2	Fund 3	Fund 4 ¹
Proportion of Plan assets as at 31 March 2025	21.6%	10.0%	11.9%	0.0%
No. of meetings eligible to vote at during year	1,696	5,515	661	63
No. of resolutions eligible to vote on during year	21,789	55,096	10,471	768
% of resolutions voted	99.6%	99.8%	89.9%	98.1%
% of resolutions voted with management	80.4%	81.0%	91.7%	95.8%
% of resolutions voted against management	19.3%	17.9%	8.3%	3.1%
% of resolutions abstained	0.3%	1.1%	0.1%	1.2%
% of meetings with at least one vote against mgmt	70.6%	58.6%	40.7%	22.2%

Funds 1 and 2 are managed by L&G, Fund 3 is managed by Storebrand and Fund 4 is managed by Baillie Gifford. Figures may not sum due to rounding.

The Plan made a full disinvestment from Baillie Gifford on 18 February 2025, however voting activity covers the period 1 April 2024 to 31 March 2025.

The resolutions on which the managers appear to have voted against management the most over the Plan year are set out below:

- L&G voted against management for a variety of reasons, including corporate structure, diversity, climate issues and shareholder proposals.
Storebrand voted against management in relation to climate related proposals, human rights and the gender pay gap.
- Baillie Gifford voted against management for reasons related to remuneration.

Significant votes

The Trustees have also asked their investment managers to report on the most significant votes cast within the portfolios they manage on behalf of the Plan. Managers were asked to explain the reasons why votes identified were significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote.

The Trustees have agreed priority stewardship themes against which manager activity is scrutinised. From the managers' reports, the following votes have been identified as being among those of greater relevance to the Plan and subject to future dialogue with the managers.

Manager	Company/ AGM Date	Subject/ Theme	Manager's vote and rationale	Outcome of vote
L&G	Amazon.com Inc 22/05/24	Human Rights – Report on customer due diligence Priority stewardship theme: Social	For – L&G believes that enhanced transparency over material risks to human rights is key to understanding the company and that there is a need for increased, especially publicly available, transparency on this topic.	Fail
L&G	McDonald's Corporation 22/05/24	Health – Adopt antibiotics policy Priority stewardship theme: Social	For – L&G considers antimicrobial resistance (AMR) a systemic risk and would like to see the company applying WHO guidelines on the use of medically important antimicrobials in food-producing animals throughout its entire meat portfolio, within its whole supply chain.	Fail
L&G	The Goldman Sachs Group, Inc 24/04/24	Climate Change – Report on clean energy supply financing ratio Priority stewardship theme: Environmental	For – L&G believes that banks and financial institutions have a significant role to play in shifting financing away from “brown” to “green”. L&G expects the company to be undertaking appropriate analysis and reporting on climate change matters.	Fail
L&G	Expiditors International of Washington, Inc. 07/05/24	Diversity and Inclusion – Reporting on the effectiveness of diversity, equity and inclusion efforts Priority stewardship theme: Social	For – L&G believe that disclosing the level of information contained in the Equal Employment Opportunities (EEO) report may lead to reduced inequality.	Fail
L&G	SSE Plc. 18/07/24	Climate Change – Approve the net zero transition report Priority stewardship theme: Environmental	For – L&G voted in favour of the net zero transitions report and commended the company's efforts in committing to net zero emissions across all scopes by 2050 and setting short and medium targets.	Pass
Storebrand	American Tower Corporation 22/05/24	Employment – Report on median and adjusted	For – Storebrand voted in favour of this proposal as it believes that this information would allow shareholders to compare and measure the progress of the	Fail

		gender/racial pay gaps Priority stewardship theme: Social	company's diversity and inclusion initiatives.	
Storebrand	General Mills, Inc. 24/09/24	Climate Change – Report on efforts to reduce plastic use Priority stewardship theme: Environmental	For – Storebrand voted in favour of this proposal as it believes that shareholders would benefit from additional information on how the company is managing risks related to its use of plastic packaging.	Fail

Engagement activity

The Trustees hold regular meetings with their investment managers where stewardship issues are discussed in further detail.

Summary of Trustees' engagement with managers

The Trustees met with all five of the Plan's managers in the 12 month period ending 31 March 2025 and covered the following topics:

Manager	Date of meeting	Topics discussed
L&G	12 June 2024	- Update on how L&G engages with companies on nature and deforestation issues. - Discussion on whether L&G will remain a member of CA100+ in light of multiple asset managers leaving the initiative. - Overview of L&G's two-fold Climate Impact Pledge which includes engagement with 5000+ companies and direct dialogue with 100+ 'dial mover' companies.
IFM	3 September 2024	- Overview of the investments in the Global Infrastructure Fund highlighting a shift to focusing on current investments rather than adding to the portfolio. - Overview of the investment strategy for the Net Zero Infrastructure Fund. - Progress update on renewables investments including Greengas, a company taking methane from animal waste product facilities and turning it into energy to put back into grid. The company now has 3 plants and is expected to continue to grow, having secured take-off secured partnerships with BMW and Mercedes. - Development of IFM's 'Decarbonisation planning toolkit' to assist companies with climate transition planning and quantifying their scope 3 emissions.

Manager	Date of meeting	Topics discussed
Quinbrook (QB)	3 September 2024	• Overview of the QB Net Zero Power Fund's (NZPF) main investments, including investments in the decarbonisation of data centres in the US and energy storage in Australia. • Discussion around whether recent team departures would impact on Quinbrook's approach to sustainability.
Federated Hermes (FH)	24 September 2024	• Update regarding the potential merger with L&G. • Current outlook for Core UK property.
Storebrand	21 January 2025	• Discussion around the inclusion of scope 3 downstream carbon emissions data into reported metrics due to recent data quality improvements. • Overview of short, medium and long-term sustainability targets and Storebrand's engagement focus areas for 2024-26: climate change, nature and human rights. • Case study on Bunge Global SA, a company on Storebrand's observation list due to deforestation risk. The company has since achieved its target of 100% traceability of soy supply chains to indirect suppliers in Brazil and Storebrand are continuing to monitor and engage.

Summary of manager engagement activity

The Trustees receive annual reporting on each manager's engagement activity. The following table summarises the key engagement activity for the 12 month period ending 31 March 2025.

Fund	Number of engagements	Topics engaged on
L&G Future World Fund	1,077	Environmental (673), Social (228), Governance (140), Other (36) Climate change and human rights were the topics most commonly engaged on.
L&G Future World Fund GEI	1,944	Environmental (1,281), Social (380), Governance (233), Other (50) Climate change, remuneration and deforestation were the topics most commonly engaged on.
L&G AAA-AA-A Bonds Over 15 Yr	57	Environmental (29), Social (8), Governance (11), Other (9) Climate change and corporate strategy were the topics most commonly engaged on.
L&G Cash	8	Environmental (6), Governance (2) Climate change was the topic most commonly engaged on.
Baillie Gifford Diversified Growth Fund ¹	9	Environmental (6), Social (2), Governance (6) Engagements may not sum to the total, as they cover multiple topics.
Storebrand Global ESG Plus	337	Environmental (171), Social (251), Governance (60) Human rights, nature and biodiversity and climate change were the topics most commonly engaged on.
IFM Global Infrastructure Fund & Net Zero Infrastructure Fund	n/a	IFM has operational control of most portfolio assets. Engagements covered topics including climate change and health and safety.
Quinbrook Net Zero Infrastructure Fund	n/a	Quinbrook takes primary control of investments and therefore holds the position of chair of each portfolio company, as well as a majority of voting members/directors of each board. This allows them to drive ESG-aligned strategies, voting, decision making and implementation. Following investment, Quinbrook takes steps to assure its portfolio companies implement an ESG policy that aligns with Quinbrook's own policy and values, which commonly requires training and ongoing assessments. Examples of Quinbrook's policies include health and safety oversight, carbon emissions assessment and decarbonisation implementation.

Federated Hermes Property Unit Trust	n/a	Federated Hermes pursues an active engagement strategy. It has direct contact with occupiers at 71% of total assets (by value) within the fund, facilitating a strong level of engagement. Other assets are typically held under FRI leases and hence have lower levels of direct engagement. Engagement themes have focused on climate transition risk, particularly with regards to decarbonisation and energy efficiency to reduce energy use and eliminate fossil fuel use. FH have also engaged on the roll out of Renewable energy through Photovoltaic panels on some industrial estate assets over the past 12 months.
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¹Baillie Gifford Diversified Growth Fund engagements reported for the period 1 April 2024 to 18 February 2025, when the Plan fully disinvested from the fund.

Use of a proxy adviser

L&G and Storebrand have made use of the services of Institutional Shareholder Services ("ISS"), a proxy voting advisor, over the Plan year. Baillie Gifford does not make use of a proxy adviser. The Trustees have sought to compare the extent of L&G's and Storebrand's alignment with their proxy advisor, ISS, in order to assess the independence of their voting processes. The following table provides a summary of the voting activity of L&G and Storebrand relative to the proxy advisor.

Manager	No. of resolutions eligible to vote on during year	Of which they voted against ISS recommendation (%)
L&G Future World	21,789	14.9%
L&G Future World GEI	55,096	9.7%
Storebrand Global ESG Plus	10,471	0.2%

From the above we note that both L&G and Storebrand vote on a majority of occasions with the proxy advisor, but maintain further independence on voting against resolutions.

Baillie Gifford is cognisant of proxy advisers' voting recommendations. However, as a manager it does not delegate or outsource any of its stewardship activities or rely upon recommendations when deciding how to vote on shares held by the Plan. All voting decisions are made in-house, and Baillie Gifford votes in line with its in-house policy, rather than the policies of any proxy adviser.

Review of policies

The Trustees review their managers' Responsible Investment policies on an annual basis. The review considers managers' broader approach to responsible investment issues and any change in approach by the managers over the year. The Trustees also consider changes to their managers' voting policies.

The Trustees and their advisors remain satisfied that the responsible investment policies of the managers and, where appropriate, the managers' voting policies, remain suitable for the Plan.

