

Date: 7 November 2025

**Pension Services
4640 Kingsgate, Cascade Way
Oxford Business Park South
Oxford
OX4 2SU**

Dear Employer,

2025 Valuation Results

I am pleased to attach your draft 2025 valuation results schedule and proposed contribution rate from 1 April 2026. The attached results schedule provides you with details about your pension obligations in the Oxfordshire Pension Fund and is intended to help employers better understand their funding position. The schedule also includes your proposed employer rates for the following three years from 1 April 2026.

You should have already received the Fund's revised draft Funding Strategy Statement (FSS) to be read alongside your valuation results yesterday, 6 November 2025, by email.

We have provided some commentary on the results and the changes in your funding position and contribution rates below.

What has happened since the 2022 valuation

There has been a large shift in the funding environment since the last formal valuation as at 31 March 2022. Rising interest rates have pushed up the expected future investment return, with higher expected returns across all asset classes predicted over the long-term, which reduces the value placed on future pension benefits ('liabilities').

Funding overview

The funding position at 'Whole Fund' level has improved to 129% (from 111% at 2022). Many Fund employers will have experienced similar improvements in funding, however results and contribution changes will vary by employer, depending on your own experiences and circumstances.

While the improved funding position is good news for the Fund and the employers, there continues to be increased volatility and uncertainty in investment markets. The funding position only recognises benefits earned to date ('past service'), therefore when setting contribution rates there is also a consideration of the cost of future service benefits.

Contribution rates

Funding strategy

The funding strategy applied aims to ensure the long-term solvency of the Fund, taking into account employer specific circumstances, and finding a balance between adequate, stable and affordable contribution rates as well as aiming to ensure intergenerational fairness.

Approach

As required by LGPS Regulations, employer contributions are made up of two elements (as per section 2.1 of the FSS):

- *Primary Rate* - the estimated cost of benefits being built up each year, after deducting the members' own contributions and including an allowance for administration expenses.
- *Secondary Rate* - an adjustment for the difference between the Primary rate above, and the actual contribution the employer needs to pay.

Where possible the Fund tries to keep contribution rates stable for all employers to ensure affordability and to aid longer term budgeting. Contribution rates are set using a long-term view which helps reduce contribution fluctuations resulting from shorter term uncertainty in the financial markets.

Method

The Fund adopts a three-step process to setting employer contribution rates (as detailed in section 2.1 of the FSS) as follows:

1. Calculate the **target funding level** for each employer (i.e. the estimated amount of assets it should hold in order to be able to pay its members' benefits in the future).
2. Determine the **time horizon** over which the employer should aim to achieve that funding target.
3. Calculate the employer contribution rate such that it has at least a given **likelihood** of achieving that funding target over that time horizon, allowing for various possible economic outcomes over that time horizon.

By using the above approach, the Fund is able to treat every employer individually and fund them relative to their own circumstances and risk. Further detail of how this three-step approach has been applied for each employer type is detailed in section 2.2 of the FSS.

The Fund actuary has also prepared a [short video](#) to help explain how this approach works.

Action: Please access the [Oxfordshire Pension Fund 2025 Valuation - Acknowledgement of Results](#) portal to:

- Confirm receipt and understanding of your results schedule
- Confirm your acknowledgement (or otherwise) to the contribution rate in payment from 1 April 2026.
- Provide any comments about your results.

The deadline for the valuation results stage and final acknowledgement of contribution rates is **31 January 2026**.

Funding strategy statement consultation and employer engagement

Oxfordshire Pension Fund's Funding Strategy Statement (FSS) sets out important information for participating employers and the funding approach adopted for the 2025 valuation. A copy of the draft FSS was sent to you yesterday by email. The pension fund seeks to engage with all employers as part of its FSS consultation process to ensure that employers understand the funding strategy.

Action: Please access the [Oxfordshire Pension Fund FSS Employer Consultation](#) portal to respond to the FSS consultation:

- Provide your responses to the FSS consultation questions
- Provide any comments about the FSS (question 8). Further guidance on this will be sent out to you next week.

The FSS consultation will end on **19 December 2025**. Following the consultation, the Fund will review feedback and use this to finalise the FSS; we will provide an update at the Employer Forum. The FSS and other policy documents will then be submitted for approval at Pension Fund Committee in March 2026.

Enhanced materials

To help you understand your valuation results schedule in more detail, the actuary can provide additional materials on request. **Please note**, there is a cost for providing any additional materials which would be re-charged by the pension fund to you as the employer. Further details are set out below:

- Supplementary paper (£750 plus VAT) – provision of a paper explaining the figures and information within your results schedule in greater detail and providing a breakdown of the key movements on your individual employer results since the previous funding valuation.
- Slide deck and accompanying script (£900 plus VAT) – provision of a slide deck and accompanying script to assist explaining your valuation results, including the key movements since the previous funding valuation, to committees/boards/directors/governors.

Please contact pension.communications@oxfordshire.gov.uk if you are interested.

Employer Forum

Please join us at our Employer Forum on 14th January 2026. The fund actuary will be discussing the fund's valuation results in more detail and will be available to answer any questions. More information will follow.

Next steps

Please review your results, the draft FSS and the accompanying policy documents. If you have no further questions regarding your valuation results, please ensure you acknowledge your results via the [Portal](#), and then no further action is required. Your contribution rates set out in your Employer Results Schedule will come into force from 1 April 2026.

If you have any specific questions that you would like to raise following receipt of your valuation results, please raise via the [Portal](#) or get in touch with the fund.

Yours sincerely,

Mark Smith APM

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Head of Pension Fund

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