**Budget Assumptions 2025/26**

Finance Division

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March 2025

**Budget Assumptions 2025/2026**

This section contains the key assumptions for the 2025/26 budget setting process.

**Budgeting for income**

## JRAM

JRAM is budgeted at a centrally estimated level which is to be released on the 4th March by PACS, based on an estimate of student recruitment.

## Trust Fund income

Financial Reporting are aiming to send a trusts report out by the mid March (TBC) to help with budgeting and will incorporate and estimated distribution per unit for 2025/26.

## Other income

The general inflation rate to be applied to other income is 2.5% for 25/26, consistent with the assumption on other non-pay items. Where this is not appropriate then local judgement should be applied and any key assumption clearly stated.

**Budgeting for expenditure**

## Pay costs

General budget assumptions to be included in the BFT for 2025/26 are as follows:

General cost of living: 3.0% inflation

|  |  |
| --- | --- |
| NHS pay award:  | 5% for clinical academics (assumption for both April 2025 and 2026).  |
| NI:   | 15% on all earnings above the secondary threshold of £5,000 per year (£416.7 per month approx.). |
| USS:  | 14.5%. |
| OSPS:  | 15% (Forecast assumption) – Employer contributions are at varying rates for staff in the DB (Defined Benefit) and DC (Defined Contribution) sections of the scheme. The employer cost for a person in the DB section is 16.5% and for a person in the DC section there are three different rates (10%, 12% and 14%) depending on the tier that the person chooses |
| NHS pension:  | 16.64% (Standard contribution of 14.38% plus 2.26% which is billed in addition to this separately).  |

Non-pay costs

 The general inflation rate to be applied to non-pay is 2.5% for 2025/26.

## Utility costs

Estates services will release a departmental level forecast, which will be cascaded out via your divisional offices by mid March.

Larger users are encouraged to contact the energy team for more focused guidance if required, as are departments with a significant change in usage.

## Space, Services and Contribution charges

Space and Services charges for 2025/26 are due to be released to divisions by 7th March 2025 (TBC).

The contribution charges at divisional level are as follows:



Budgeted exchange rates

You should use the following exchange rates when budgeting for 2025/26:

|  |  |
| --- | --- |
|  US$  | 2025/26\* 2024/25 |
| 1.26 | 1.27 |
| €  | 1.21 | 1.17 |
| HK$  | 9.8 | 10.0 |
| KES  | 165.0 | 180.0 |
| Yen  | 190.0 | 190.0 |
| CNY  | 9.16 | 9.15 |

\*24th February 2025 spot rates