

## WRITTEN MINISTERIAL STATEMENT

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### REVISIONS TO THE 2008-2009 DEBT MANAGEMENT REMIT TO FACILITATE BANK RECAPITALISATION

**The Economic Secretary to the Treasury (Mr Ian Pearson):** I am today revising the Debt Management Office's (DMO) 2008-09 financing remit to raise £37 billion to facilitate bank recapitalisation. The £37 billion will be raised through:

- £30.0 billion in additional gilt sales (taking total gilt sales to £110.0 billion in 2008-09); and
- £7.0 billion in additional Treasury bill sales, (taking the contribution to financing of Treasury bills in 2008-09 to +£6.1 billion and the planned Treasury bill stock at end-March 2009 to £23.7 billion).

The planned increase in gilt sales will be split by maturity/type as follows:

- £21.0 billion of additional short-dated conventional gilts (taking total issuance to £46.0 billion) including the launch on 13 November 2008 of a new, current coupon, gilt maturing on 7 December 2011 (with a long first dividend period);
- £7.0 billion of additional medium-dated conventional gilts (taking total issuance to £19.8 billion);
- £1.0 billion of additional long-dated conventional gilts (taking total issuance to £25.2 billion); and
- £1.0 billion of additional index-linked gilts (taking total issuance to £19.0 billion).

Seven additional gilt auctions will be scheduled, five of short-dated and two of medium-dated conventional gilts. The DMO has committed not to add any further gilt auctions in the third quarter of this financial year in the event of a further remit revision in the 2008-09 Pre-Budget Report.

The maximum size of conventional gilt auctions will be increased from £4.0 billion to £5.0 billion (cash). The revised gilt auction calendar to the end of 2008 is shown below.

The DMO also plans to supplement sales at auctions with a number of sales of gilts by mini-tenders, which are operations conducted directly with Gilt-Edged Market Makers by the DMO's dealing desk.

The first such operation in this programme is being announced today to take place on Monday 20 October 2008, for £1.0 billion (nominal) of 4% Treasury Stock 2009, for settlement on Tuesday 21 October 2008.

Other mini-tender operations are planned for 4¼% Treasury Gilt 2055 in the week commencing 17 November, and for 1¼% Index-Linked Treasury Gilt 2055 in the weeks commencing 3 November and 1 December 2008.

### Gilt auction calendar to the end of 2008

Gilt auctions to end-2008 (£nom)		
	Currently scheduled	Additional
Thu	16-Oct	4½% 2013 (£3.75bn)
Tue	21-Oct	4¼% 2011 (£4.75bn)
Thu	23-Oct	5% 2018 (£3.0bn)
Tue	28-Oct	New IL 2032
Thu	30-Oct	4% 2016
Tue	04-Nov	4¾% 2030
Tue	11-Nov	4¾% 2015
Thu	13-Nov	New December 2011
Thu	20-Nov	4½% 2019
Tue	25-Nov	0¾% IL 2047
Thu	27-Nov	5% 2012
Tue	02-Dec	4¼% 2049
Tue	09-Dec	New IL 2032
Thu	11-Dec	4½% 2013
Thu	18-Dec	New December 2011

This revision to the DMO's remit does not take account of any other changes to the Government's forecasts of the public finances. These forecasts will be updated in the Pre-Budget Report. An updated remit, incorporating the changes announced today, will be published, as usual, after the Chancellor's statement.

This revision to the DMO's financing remit is being made in accordance with paragraph 5.18 of the published remit which provides that

*“Any aspect of this remit may be revised during the year, in light of exceptional circumstances and/or substantial changes in the following:*

- *the Government's forecast for the gilt sales requirement;*
- *the level and shape of the yield curve;*
- *market expectations of future interest and inflation rates; and market volatility.”*

Under the terms of its Operational Notice, the DMO is not obliged to give more than one hour's notice of such mini-tenders, but in this case, it is pre-committing to the week(s) in which the intended operations will take place, and also commits to give a minimum of 24 hours notice of the actual size and timing of the planned tenders at the relevant time. Such decisions will be taken in the light of market feedback and conditions at the time.

**HM Treasury**  
**14 October 2008**