

## 2015-16 CGNCR OUTTURN: UPDATE TO THE DMO FINANCING REMIT 2016-17

1. The 2016-17 Net Financing Requirement (NFR) for the UK Debt Management Office (DMO) is rising by £2.1 billion (cash<sup>1</sup>), compared to the figure published at Budget 2016, to £131.5 billion, as a result of the publication today of the outturn Central Government Net Cash Requirement (excluding Northern Rock (Asset Management) (NRAM), Bradford & Bingley (B&B) and Network Rail (NR)) for 2015-16 and other minor adjustments to financing in 2015-16.

### Changes to planned gilt sales

2. The £2.1 billion increase in the NFR is being financed exclusively by additional gilt sales, taking the total of planned outright gilt sales in 2016-17 to £131.5 billion. The additional gilt sales are all planned to be via auction.
3. The revised total of planned gilt sales via auction is £98.0 billion. The split of sales by type and maturity of gilt, which have been designed to replicate the proportionate split of issuance announced at Budget 2016, are shown in the table below.

Gilt auctions (£mn)	New totals	Increase
Short	31,000	600
Medium	25,200	400
Long	27,300	600
Index-linked	14,500	500
	<b>98,000</b>	<b>2,100</b>

4. Average auction sizes are rising marginally as a consequence, as shown in the table below.

Average size of gilt auctions (£bn)	Budget 2016	Post-outturn
Short	2.76	2.77
Medium	2.48	2.48
Long	2.23	2.26
Index-linked	1.27	1.29

5. Planned gilt sales via syndication remain unchanged at £25.5 billion, as does the following planned split of issuance:
  - a. Long conventional gilts: £9.5 billion - in two transactions
  - b. Index-linked gilts: £16.0 billion - in four transactions

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<sup>1</sup> All figures are in cash terms unless stated otherwise.

6. The size of the unallocated portion of supplementary gilt issuance also remains unchanged at £8.0 billion.

### **Treasury bill sales**

7. As anticipated at Budget 2016, net Treasury bill sales contributed £1.0 billion to financing the NFR in 2015-16, resulting in a stock of Treasury bills for debt management purposes of £66.0 billion at end-March 2016.
8. Also as at Budget 2016, it is currently anticipated that net Treasury bill sales will not contribute to financing the NFR in 2016-17.

### **Changes to the 2015-16 financing requirement since Budget 2016 impacting on the 2016-17 financing remit**

9. The outturn for the 2015-16 CGNCR (excluding Northern Rock (Asset Management) (NRAM), Bradford & Bingley (B&B) and Network Rail (NR)) was £78.4 billion, an increase of £2.9 billion compared to the forecast published at Budget 2016. Other factors since Budget 2016 impacting financing in 2015-16 and which have in turn fed through to 2016-17 were<sup>2</sup>:
  - a. financing for the Reserves was £0.1 billion lower than forecast;
  - b. the net contribution to financing from National Savings & Investments was £0.3 billion lower than forecast; and
  - c. the contribution to financing from other items<sup>3</sup> was £0.9 billion higher than forecast.
10. These contributed to a DMO net cash position of £0.9 billion at end-March 2016, which was £2.1 billion lower than the level anticipated at Budget 2016. The level of the DMO cash position will be reduced to £0.5 billion in 2016-17 as shown by the -£0.4 billion short-term financing adjustment, reducing the NFR in 2016-17 accordingly.
11. The re-stated financing arithmetic for 2015-16 and 2016-17 is at Annex A.
12. The planned split of gilt issuance by type, maturity and method of issue is at Annex B.

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<sup>2</sup> Figures may not sum due to rounding.

<sup>3</sup> Including revenue from coinage, non-governmental deposits, certificates of tax deposit and foreign exchange transactions.

## Annex A: Financing arithmetic for 2015-16 and 2016-17

£ billion	2015-16	2016-17
CGNCR (ex NRAM, B&B and NR)	78.4	62.1
Gilt redemptions	70.2	69.9
Planned financing for the reserves	5.2	6.0
Financing adjustment carried forward from previous financial years	-13.1	-0.4
<b>Gross Financing Requirement</b>	<b>140.8</b>	<b>137.7</b>
<i>Less:</i>		
Contribution from National Savings & Investments	11.3	6.0
Other financing*	1.1	0.2
<b>Net Financing Requirement (NFR) for the DMO</b>	<b>128.4</b>	<b>131.5</b>
<b>Financed by debt issuance:</b>		
<b>a) Gilt sales</b>	<b>127.7</b>	<b>131.5</b>
<i>of which:</i>		
- Short conventional	32.6	31.0
- Medium conventional	25.0	25.2
- Long conventional	37.2	36.8
- Index-linked	32.8	30.5
- Unallocated supplementary sales	0.0	8.0
<b>b) Planned net contribution to financing from Treasury bills</b>	<b>1.0</b>	<b>0.0</b>
<b>Total financing</b>	<b>128.7</b>	<b>131.5</b>
DMO net cash position	0.9	0.5
<i>Figures may not sum due to rounding.</i>		
*Prior to publication of the end-year outturn in April each year, this financing item will only comprise estimated revenue from coinage. At outturn it will include outturn revenue from coinage and additional financing through non-governmental deposits, certificates of tax deposit and foreign exchange transactions.		

## Annex B: Planned split of gilt issuance by type, maturity and method of issue

	Auction	Syndication	Gilt tender	Unallocated	Total
<b>Short conventional</b>					
£ billion	<b>31.0</b>				<b>31.0</b>
Per cent					23.6%
<b>Medium conventional</b>					
£ billion	<b>25.2</b>				<b>25.2</b>
Per cent					19.2%
<b>Long conventional</b>					
£ billion	<b>27.3</b>	<b>9.5</b>			<b>36.8</b>
Per cent					28.0%
<b>Index-linked</b>					
£ billion	<b>14.5</b>	<b>16.0</b>			<b>30.5</b>
Per cent					23.2%
<b>Unallocated</b>					
£ billion				<b>8.0</b>	<b>8.0</b>
Per cent					6.1%
<b>Total £ billion</b>	<b>98.0</b>	<b>25.5</b>	<b>-</b>	<b>8.0</b>	<b>131.5</b>
<b>Total per cent</b>	<b>74.5%</b>	<b>19.4%</b>	<b>-</b>	<b>6.1%</b>	
<i>Figures may not sum due to rounding</i>					