

CGNCR OUTTURN 2005-06: REVISION TO DMO REMIT 2006-07

The outturn Central Government Net Cash Requirement (CGNCR) for 2005-06, published today by HM Treasury/Office for National Statistics (ONS), is £40.8 billion. The financing requirement is £0.5 billion lower than in the Budget forecast¹.

Reflecting this, Treasury bill sales in 2006-07 are being reduced by £0.5 billion compared to the plans announced at Budget 2006. **There are no changes to planned gilt sales.**

The stock of Treasury bills is now planned to rise by £1.5 billion in 2006-07, taking the stock at-end March 2007 to £20.6 billion

The revised financing arithmetic for 2005-06 and 2006-07 is published below.

Financing arithmetic (£bn)	2005-06	2006-07
CGNCR	40.8	41.2
Redemptions	13.9	29.9
Financing for reserves	0.0	0.0
Buy-backs	0.1	0.0
Planned short-term financing adjustment ¹	-2.5	-3.6
Financing requirement	52.3	67.5
Less		
NS&I	4.8	3.0
Net financing requirement	47.5	64.5
Financed by		
1. Debt issuance by the DMO		
a) T bills	-1.2	1.5
b) Gilt sales	52.3	63.0
2. Other planned change in short term debt²		
Ways and Means	0.0	0.0
3. Unanticipated change in short term cash position³	3.6	0.0
Total financing	51.1	64.5
Short-term debt levels at end of financial year		
T bill stock (in market hands)	19.1	20.6
Ways and Means	13.4	13.4
DMO net cash position	3.8	0.2
<i>1. To accommodate changes to the current year's financing requirement resulting from (i) publication of the previous year's outturn CGNCR and/or (ii) carry over of unanticipated changes to the cash position from the previous year.</i>		
<i>2. Total planned changes to short-term debt are the sum of: (i) the planned short-term financing adjustment, (ii) Treasury bill sales and (iii) changes to the level of Ways and Means.</i>		
<i>3. A negative (positive) number indicates an increase in (reduction of) the financing requirement for the following financial year.</i>		

¹ The 2005-06 CGNCR forecast published at the Budget was £40.6 billion, and gilt redemptions £14.6 billion. However, since then, State Aids clearance has been granted for the transfer of certain assets and liabilities between BNFL and the Nuclear Decommissioning Authority. This transfer has been determined as having taken place before the purchase by the DMO of £0.7bn of 8½% 2005 on 1 April 2005, so that purchase no longer counts as a gilt redemption in 2005-06, reducing the redemption total for that financial year accordingly to £13.9 billion. All else being equal the (public sector neutral) revision to the April 2005 net cash requirement would have had the effect of increasing the 2005-06 CGNCR forecast to £41.3 billion and so the classification change made no change to the forecast financing requirement in 2005-06.