

## **REVISION TO THE DMO FINANCING REMIT 2021-22**

1. The DMO's financing remit for 2021-22 has been revised today following publication by the Office for National Statistics of the 2020-21 outturn Central Government Net Cash Requirement (excluding NRAM Ltd, Bradford & Bingley and Network Rail) (CGNCR ex NRAM, B&B and NR). The details are below.

### **DMO's Net Financing Requirement in 2021-22**

2. The Net Financing Requirement (NFR) for the DMO in 2021-22 is forecast to be £254.4 billion; this represents a reduction of £43.3 billion compared with the forecast published at Budget 2021. The NFR will be financed by gilt sales of £252.6 billion (a reduction of £43.3 billion compared with plans published at Budget 2021) and net Treasury bill sales for debt financing purposes of £1.8 billion (unchanged from plans published at Budget 2021).

3. The published gilt issuance calendar of auctions and syndications for April-June 2021, as published on 12 March 2021, currently remains unchanged.

4. The £43.3 billion reduction in the NFR in 2021-22 reflects:

- The outturn CGNCR ex NRAM, B&B and NR in 2020-21 which, at £334.5 billion, is £35.2 billion lower than the forecast published at Budget 2021;
- NS&I's Net Financing provisional outturn for 2020-21 of £23.5 billion, £3.5 billion higher than the forecast published at Budget 2021. NS&I will publish the final audited outturn figure for Net Financing in its 2020-21 Annual Report and Accounts, which are due to be laid before Parliament this summer;
- A contribution to financing in 2020-21 of £3.8 billion from other items<sup>1</sup>;
- Outturn gilt sales in 2020-21 of £485.8 billion, £0.3 billion higher than the plans published at Budget 2021; and
- The sale of sovereign Sukuk in 2021-22 that raised £0.5 billion.

5. The updated financing arithmetic for 2020-21 and 2021-22 is at Annex A.

### **Gilt sales**

6. The changes to planned gilt sales in absolute and proportionate terms are shown in Table 1 below.

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<sup>1</sup>These comprised financing through non-governmental deposits, revenue from coinage, certificates of tax deposit and foreign exchange transactions relating to the Exchange Equalisation Account.

**Table 1: Gilt financing plans in 2021-22**

	<b>March 2021 Budget</b>	<b>Revision at April 2021 outturn</b>	<b>Changes relative to Budget 2021</b>
<b>£bn</b>			
Short	87.0	72.0	-15.0
Medium	65.4	53.5	-11.9
Long	82.8	73.2	-9.6
Index-linked	32.7	28.4	-4.3
Unallocated (including future green gilt sales)	28.0	25.5	-2.5
<b>Total</b>	<b>295.9</b>	<b>252.6</b>	<b>-43.3</b>
<b>%</b>			
Short	29.4%	28.5%	-0.9%
Medium	22.1%	21.2%	-0.9%
Long	28.0%	29.0%	1.0%
Index-linked	11.1%	11.2%	0.2%
Unallocated (including future green gilt sales)	9.5%	10.1%	0.6%
<i>Figures may not sum due to rounding</i>			

### Gilt auctions

7. 11 previously planned conventional gilt auctions (five short, three medium and three long) are being cancelled and one additional index-linked auction is being scheduled. Overall, the number of gilt auctions falls by 10 to 83 as summarised in Table 2 below. The revised gilt auction calendar dates for Q2 to Q4 2021-22 are set out at Annex B.

**Table 2: Planned gilt auctions in 2021-22**

	<b>Number of operations</b>	<b>Change in number of operations</b>
<b>Maturity/type</b>		
Short	20	-5
Medium	20	-3
Long	27	-3
Index-linked	16	1
	<b>83</b>	<b>-10</b>

### Gilt syndications

8. One previously planned index-linked gilt syndication is being cancelled. Consequently, the current planned syndication programme is now comprised of five transactions (three offerings of conventional gilts and two of index-linked gilts): these totals do not include any green gilts that may be issued via this method in 2021-22.

### Revised planned split of gilt issuance

9. The currently planned split of gilt issuance by type, maturity and issuance method is shown in Table 3 below.

**Table 3: Currently planned split of gilt issuance by type, maturity and issuance method in 2021-22**

	Auction	Syndication	Gilt tender	Unallocated	Total
<b>Short conventional</b> £ billion	72.0				72.0 28.5%
<b>Medium conventional</b> £ billion	53.5				53.5 21.2%
<b>Long conventional</b> £ billion	56.7	16.5			73.2 29.0%
<b>Index-linked</b> £ billion	19.4	9.0			28.4 11.2%
<b>Unallocated (including future green gilt sales)</b> £ billion				25.5	25.5 10.1%
<b>Total £ billion</b>	<b>201.6</b>	<b>25.5</b>	<b>0.0</b>	<b>25.5</b>	<b>252.6</b>
<b>Total per cent</b>	<b>79.8%</b>	<b>10.1%</b>	<b>0.0%</b>	<b>10.1%</b>	
<i>Figures may not sum due to rounding</i>					

**23 April 2021**

## Annex A: Updated financing arithmetic 2020-21 and 2021-22

	2020-21	2021-22
CGNCR (ex NRAM, B&B and NR) <sup>1</sup>	334.5	240.4
Gilt redemptions	97.6	79.3
Financing adjustment carried forward from previous financial years <sup>2</sup>	18.4	-58.8
<b>Gross Financing Requirement</b>	<b>450.5</b>	<b>260.9</b>
<i>Less:</i>		
NS&I net financing	23.5	6.0
Sale of UK sovereign Sukuk	n.a.	0.5
Other financing items <sup>3</sup>	3.8	0.0
<b>Net Financing Requirement (NFR) for the DMO</b>	<b>423.2</b>	<b>254.4</b>
DMO's NFR will be financed through:		
<b>Gilt sales, through sales of:</b>		
- Short conventional gilts	168.7	72.0
- Medium conventional gilts	149.5	53.5
- Long conventional gilts	134.2	73.2
- Index-linked gilts	33.4	28.4
- Unallocated amount of gilts (including future green gilt sales) <sup>4</sup>	0.0	25.5
<b>Total gilt sales for debt financing</b>	<b>485.8</b>	<b>252.6</b>
<b>Total net contribution of Treasury bills for debt financing</b>	<b>-2.0</b>	<b>1.8</b>
<b>Total financing</b>	<b>483.8</b>	<b>254.4</b>
DMO net cash position	61.1	2.3
<i>Figures may not sum due to rounding</i>		
<sup>1</sup> Central Government Net Cash Requirement (excluding NRAM Ltd, Bradford & Bingley (B&B) and Network Rail (NR)).		
<sup>2</sup> The £18.4 billion financing adjustment in 2020-21 carried forward from previous years reflects the 2019-20 outturn for the CGNCR ex NRAM, B&B and NR, as first published on 23 April 2020. The -£58.8 billion financing adjustment in 2021-22 also reflects an increase of £1.8 billion in the planned DMO end-financial year net cash position to £2.3 billion. The increase is to be financed by the £1.8 billion net contribution by Treasury bills to debt financing in 2021-22.		
<sup>3</sup> These items include outturn revenue from coinage and additional financing through non-governmental deposits, certificates of tax deposit and foreign exchange transactions relating to the Exchange Equalisation Account.		
<sup>4</sup> In 2021-22 the unallocated portion will be used additionally to account for the issuance of green gilts. Once an additional green gilt offering has been executed, the proceeds from the transaction (and any future transactions) will be reported separately in the financing arithmetic table for 2021-22.		

## Annex B. Revised gilt auction calendar dates for Q2 to Q4 2021-22<sup>2</sup>

The updated gilt auction calendar for Q2 to Q4 2021-22 is set out below. The following changes have been made to the calendar relative to that published alongside Budget 2021:

- Conventional auctions have been cancelled on 4 and 18 August 2021, 15 December 2021, and 9 and 16 March 2022. A conventional auction previously scheduled on 9 February 2022 has been replaced with an index-linked auction. A conventional auction date has also been added on 26 October 2021.
- Index-linked auctions have been cancelled on 25 August 2021 and 24 November 2021, and replaced with auctions on 13 October 2021 and 23 February 2022. The index-linked auction previously scheduled for 23 March 2022 has been moved to 16 March 2022.

Date	Gilt Type	Date	Gilt Type
01 July 2021	Conventional	05 January 2022	Conventional
06 July 2021	Conventional	11 January 2022	Conventional
07 July 2021	Index-linked	12 January 2022	Index-linked
13 July 2021	Conventional	18 January 2022	Conventional
27 July 2021	Conventional	19 January 2022	Conventional
03 August 2021	Conventional	25 January 2022	Conventional
10 August 2021	Conventional	26 January 2022	Index-linked
11 August 2021	Index-linked	01 February 2022	Conventional
17 August 2021	Conventional	02 February 2022	Conventional
24 August 2021	Conventional	08 February 2022	Conventional
01 September 2021	Conventional	09 February 2022	Index-linked
07 September 2021	Conventional	15 February 2022	Conventional
08 September 2021	Index-linked	16 February 2022	Conventional
14 September 2021	Conventional	23 February 2022	Index-linked
15 September 2021	Conventional	01 March 2022	Conventional
22 September 2021	Index-linked	02 March 2022	Conventional
28 September 2021	Conventional	08 March 2022	Conventional
05 October 2021	Conventional	15 March 2022	Conventional
06 October 2021	Conventional	16 March 2022	Index-linked
12 October 2021	Conventional	22 March 2022	Conventional
13 October 2021	Index-linked		
19 October 2021	Conventional		
20 October 2021	Conventional		
26 October 2021	Conventional		
02 November 2021	Conventional		
03 November 2021	Conventional		
09 November 2021	Conventional		
10 November 2021	Index-linked		
16 November 2021	Conventional		
17 November 2021	Conventional		
01 December 2021	Conventional		
02 December 2021	Conventional		
07 December 2021	Conventional		
08 December 2021	Index-linked		
14 December 2021	Conventional		

<sup>2</sup> Two auctions are planned on some of these dates, the details of which will be confirmed in the quarterly issuance calendar announcements.