

2016-17 CGNCR OUTTURN:

REVISION TO THE DMO'S FINANCING REMIT 2017-18

1. Planned gilt sales in 2017-18 are falling by £0.9 billion to £114.2 billion compared with the plans published at the Spring Budget 2017. This reflects the publication today of the outturn Central Government Net Cash Requirement (excluding Northern Rock (Asset Management) (NRAM plc), Bradford & Bingley (B&B) and Network Rail (NR)) as well as the outturn for gilt sales in 2016-17. It also reflects NS&I's latest Net Financing forecast for 2016-17 of £11.7 billion. NS&I will publish the audited figure for Net Financing in 2016-17 in its Annual Report and Accounts, which are due to be laid before Parliament this summer.
2. There is no change to the planned net contribution to debt financing in 2017-18 by Treasury bills; this remains at -£9.5 billion.
3. The reductions to gilt sales have been split as shown in the table below. The reductions maintain the proportionate split of issuance announced at the Spring Budget 2017.

£ billion	Spring Budget 2017	April 2017 revision	Reduction
Short conventional	27.4	27.2	-0.2
Medium conventional	22.2	22.0	-0.2
Long conventional	32.3	32.1	-0.2
Index-linked	26.6	26.4	-0.2
Unallocated	6.6	6.5	-0.1
Totals	115.1	114.2	-0.9

Figures may not sum due to rounding.

4. The reductions in gilt sales are predominantly to planned sales via auctions, taking total planned auction sales to £86.7 billion. The new auction targets and the assumed average auction sizes are shown in the table below.

£ billion	Spring Budget 2017	April 2017 revision	Average auction sizes Spring Budget 2017	Average auction sizes April 2017 revision
Short conventional	27.4	27.2	2.74	2.67
Medium conventional	22.2	22.0	2.47	2.39
Long conventional	23.3	23.1	2.33	2.31
Index-linked	14.6	14.4	1.33	1.31
Totals	87.5	86.7		

Figures may not sum due to rounding.

5. There are no changes to planned gilt sales via syndication; these remain at a minimum of £21.0 billion (£9.0 billion of long conventional and £12.0 billion of index-linked gilts), with the size of the initially unallocated portion of issuance reduced by £0.1 billion to £6.5 billion.
6. This remit adjustment reflects the following outturns for 2016-17:

£ billion	Forecast for 2016-17 at Spring Budget 2017	Outturn for 2016-17	Impact on DMO Net Financing Requirement in 2017-18
CGNCR*	72.5	71.1	-1.4
NS&I net contribution	12.2	11.7	0.5
Other financing items**	0.2	-0.8	1.0
Gilt sales***	146.5	147.6	-1.1
Total net change to DMO NFR			-0.9
*CGNCR (ex NRAM plc, B&B and NR). Outturn based on ONS Public Sector Finances, which can be accessed at: https://www.ons.gov.uk/ .			
** At the April 2017 outturn "Other financing items" include revenue from coinage, and additional financing through certificates of tax deposit and foreign exchange transactions, less any changes in the non-governmental balances in the previous financial year.			
*** The £1.1bn of additional gilt sales were the result of take-up of the Post Auction Option Facility at the final four auctions of 2016-17.			
Sources: ONS, HM Treasury, NS&I and DMO.			
<i>Figures may not sum due to rounding.</i>			

7. The revised financing arithmetic is shown at Annex A.
8. The revised planned split of issuance by type, maturity and issuance method is shown at Annex B.
9. This announcement will be appearing on the DMO website: www.dmo.gov.uk

25 April 2017

Annex A: Financing arithmetic for 2016-17 and 2017-18

£ billion	2016-17	2017-18
CGNCR (ex NRAM plc, B&B and NR) ¹	71.1	47.4
Gilt redemptions	69.9	79.5
Planned financing for the reserves	6.0	6.0
Financing adjustment carried forward from previous financial years	-0.4	-15.2
Gross Financing Requirement	146.7	117.7
<i>Less:</i>		
NS&I net financing	11.7	13.0
Other financing ²	-0.8	0.0
Net Financing Requirement (NFR) for the DMO	135.9	104.7
The DMO's NFR will be financed through:		
Gilt sales, through sales of:		
- Short conventional gilts	38.4	27.2
- Medium conventional gilts	29.5	22.0
- Long conventional gilts	43.6	32.1
- Index-linked gilts	36.2	26.4
- Unallocated amount of gilts	0.0	6.5
Total gilt sales for debt financing	147.6	114.2
Total net contribution of Treasury bills for debt financing	3.5	-9.5
Total financing	151.1	104.7
DMO net cash position	15.7	0.5
<i>Figures may not sum due to rounding.</i>		
¹ Central Government Net Cash Requirement (excluding NRAM plc, Bradford & Bingley and Network Rail).		
² Prior to publication of the end-year outturn in April each year, this financing item will mainly comprise estimated revenue from coinage.		

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

	Auction	Syndication	Gilt tenders	Unallocated	Total
Short conventional					
£ billion	27.2	0.0	0.0		27.2
Per cent					23.8%
Medium conventional					
£ billion	22.0	0.0	0.0		22.0
Per cent					19.3%
Long conventional					
£ billion	23.1	9.0	0.0		32.1
Per cent					28.1%
Index-linked					
£ billion	14.4	12.0	0.0		26.4
Per cent					23.1%
Unallocated					
£ billion				6.5	6.5
Per cent					5.7%
Total £ billion	86.7	21.0	0.0	6.5	114.2
Total per cent	75.9%	18.4%	0.0%	5.7%	
<i>Figures may not sum due to rounding.</i>					