

REVISION TO THE DMO'S FINANCING REMIT 2022-23: AUTUMN STATEMENT 2022

- Following the publication today of the Office for Budget Responsibility's (OBR's) Economic and Fiscal Outlook (EFO), the DMO's Net Financing Requirement (NFR) for 2022-23 is falling by £31.4 billion to £202.7 billion, relative to the most recent NFR update published on 23 September 2022.
- The reduction will be managed by:
 - A reduction in planned gilt sales of £24.4 billion, taking the planned total in 2022-23 to £169.5 billion; and
 - A reduction in net sales of Treasury bills for debt management purposes of £7.0 billion, taking the planned increase in 2022-23 to £33.2 billion and the planned stock at end-March 2023 to £70.0 billion.
- The OBR's new forecast for the Central Government Net Cash Requirement (excluding NRAM Ltd, Bradford & Bingley and Network Rail) (CGNCR ex) for 2022-23 is £136.1 billion, an increase of £41.8 billion since the forecast published at the Spring Statement on 23 March 2022.
- The updated financing arithmetic is at Annex A.

Gilt sales

- Planned gilt sales are being reduced as shown in Table 1 below, which sets out the changes by type and maturity of gilt, the associated issuance percentages and comparisons with plans announced in April and September 2022.¹

Table 1: The evolution of planned gilt sales by maturity and type in 2022-23

	April 2022 revision	September 2022 revision	Autumn Statement 2022	Change Autumn Statement vs. April 2022 revision	Change Autumn Statement vs. September 2022 revision
£bn					
Short	39.4	73.5	66.5	27.1	-7.0
Medium (including green gilts)	28.1	46.6	43.2	15.1	-3.4
Long (including green gilts)	37.3	47.0	39.8	2.5	-7.2
Index-linked	19.7	21.2	17.0	-2.7	-4.2
Unallocated	7.0	5.6	3.0	-4.0	-2.6
Total	131.5	193.9	169.5	38.0	-24.4
%					
Short	30.0%	37.9%	39.2%	9.3%	1.3%
Medium (including green gilts)	21.4%	24.0%	25.5%	4.1%	1.5%
Long (including green gilts)	28.4%	24.2%	23.5%	-4.9%	-0.8%
Index-linked	15.0%	10.9%	10.0%	-5.0%	-0.9%
Unallocated	5.3%	2.9%	1.8%	-3.6%	-1.1%
<i>Figures may not sum due to rounding.</i>					

¹ The DMO's remit was revised on 26 April 2022 to coincide with the publication of the outturn for the 2021-22 CGNCR ex and it was revised again on 23 September 2022 to coincide with the publication of the Government's Growth Plan.

Green gilt sales

6. Planned green gilt sales in 2022-23 remain unchanged at £10.0 billion.

Gilt auctions

7. Planned gilt sales via auctions are falling by £19.1 billion to £142.3 billion. Five gilt auctions (two short conventional and one each of medium and long conventional, and one index-linked) are being cancelled, taking the planned total number of auctions in 2022-23 to 59. All the cancelled auctions were previously scheduled to take place in Q4 2022-23.
8. The auctions being cancelled are those previously scheduled for 11 January 2023, 18 January 2023, 15 February 2023, 28 March 2023 and 29 March 2023. The index-linked gilt auction originally planned for 1 March 2023 has now been moved to the following day (2 March 2023). The auction calendar for the remainder of 2022 and the revised auction dates for January to March 2023 are at Annex B.

Gilt syndications

9. Planned gilt sales via syndication are being reduced by £2.7 billion to £22.8 billion:
 - Planned sales of long conventional gilts via syndication are being reduced by £1.7 billion, to £16.3 billion; and
 - Planned sales of index-linked gilts via syndication are being reduced by £1.0 billion to £6.5 billion.
 - One long conventional gilt syndication is planned for Q4 2022-23.

Unallocated portion of gilt issuance

10. The size of the unallocated portion of gilt issuance is being reduced by £2.6 billion, to £3.0 billion. The unallocated portion may be used to issue any type or maturity of gilt by any issuance method.
11. The revised split of gilt issuance by type, maturity and issuance method is at Annex C.

Treasury bills

- **Debt management**

12. The DMO is planning a smaller increase in the stock of Treasury bills for debt management purposes by £7.0 billion in 2022-23 compared with the plans published on 23 September 2022, implying a net stock increase of £33.2 billion (rather than £40.2 billion) of such bills in 2022-23, which in turn implies a stock of £70.0 billion by end-March 2023.

- **Cash management**

13. Treasury bills issued for cash management purposes will not contribute to the stock of bills issued to meet the NFR. Outturn information on the total stock of outstanding Treasury bills will continue to be published on the DMO website alongside information about the outturn stock of Treasury bills for debt management purposes.

Future financing projections

14. Table 2 below shows annual gross financing projections from 2023-24 to 2027-28 using the OBR's updated projections of the CGNCR ex, together with the latest estimate of gilt redemptions in these years. These projections are not forecasts of future gilt sales. Rather, they provide an illustration of the gross financing requirements on the assumption that these are financed entirely via gilt sales.

Table 2: Illustrative gross financing projections 2023-24 to 2027-28

£ billion	2023-24	2024-25	2025-26	2026-27	2027-28
CGNCR (ex NRAM, B&B and NR)	188.1	141.3	112.8	98.7	108.5
Gilt redemptions	117.0	132.7	127.7	81.4	109.1
Illustrative gross financing requirement (IGFR)	305.1	274.0	240.5	180.2	217.6
<i>Figures may not sum due to rounding.</i>					

17 November 2022

Annex A: Revised gilt financing arithmetic 2022-23

(£ billions)	April update	September update	Autumn Statement
CGNCR (ex NRAM, B&B, and NR) ¹	94.3	94.3	136.1
Additional financing for Growth Plan		72.4	n.a.
Gilt redemptions	107.1	107.1	107.1
Financing adjustment carried forward from previous financial years ²	-33.1	-33.1	-33.1
Gross Financing Requirement	168.4	240.8	210.2
Less:			
NS&I net financing	6.0	6.0	6.0
NS&I Green Savings Bonds	-	-	-
Other financing ³	0.7	0.7	1.4
Net Financing Requirement (NFR) for the DMO	161.7	234.1	202.7
DMO's NFR will be financed through:			
Gilt sales, through sales of:			
- Short conventional gilts	39.4	73.5	66.5
- Medium conventional gilts (including green gilts)	28.1	46.6	43.2
- Long conventional gilts (including green gilts)	37.3	47.0	39.8
- Index-linked gilts	19.7	21.2	17.0
- Unallocated amount of gilts	7.0	5.6	3.0
Total gilt sales for debt financing	131.5	193.9	169.5
Total net contribution of Treasury bills for debt financing	30.2	40.2	33.2
Total financing	161.7	234.1	202.7
DMO net cash position	2.3	2.3	2.3
<i>Figures may not sum due to rounding.</i>			
¹ Central Government Net Cash Requirement (excluding NRAM Ltd, Bradford & Bingley and Network Rail).			
² The -£33.1 billion financing adjustment in 2022-23 carried forward from previous years reflects the 2021-22 outturn for the CGNCR (ex NRAM, B&B, and NR), as first published on 26 April 2022. The -£33.1 billion adjustment in 2022-23 is the amount required to reduce the estimated DMO cash position at end-March 2023 to £2.3 billion.			
³ This financing item is typically comprised of estimated income from coinage and unhedged reserves.			

Annex B: Planned gilt auction calendar to March 2023

a) Gilt auction calendar for the remainder of 2022

Auction date and close of bidding time		Gilt	Size/further details announced at 3.30pm
Wednesday 23 November	11.30am	0% Treasury Gilt 2025	Wednesday 16 November
Thursday 1 December	10.00am	1% Treasury Gilt 2051	Thursday 24 November
Tuesday 6 December	10.00am	4% Treasury Gilt 2027	Tuesday 29 November
	11.30am	1% Treasury Gilt 2039	
Wednesday 7 December	10.00am	0% Index-linked Treasury Gilt 2031	Wednesday 30 November
Tuesday 13 December	10.00am	1% Treasury Gilt 2032	Tuesday 6 December
Tuesday 20 December	10.00am	0% Treasury Gilt 2025	Tuesday 13 December

b) Revised auction dates for January to March 2023

05-Jan-23	Conventional
10-Jan-23	Conventional
17-Jan-23	Conventional
24-Jan-23	Index-linked
01-Feb-23	Conventional
07-Feb-23	Conventional
08-Feb-23	Conventional
14-Feb-23	Conventional
21-Feb-23	Conventional
22-Feb-23	Conventional
01-Mar-23	Conventional
02-Mar-23	Index-linked
07-Mar-23	Conventional
08-Mar-23	Conventional
14-Mar-23	Conventional
15-Mar-23	Conventional
21-Mar-23	Conventional

Annex C: Revised planned split of gilt issuance by type, maturity and issuance method

	Auction	Syndication	Gilt tender	Unallocated	Total
Short conventional £ billion	65.1		1.4		66.5 39.2%
Medium conventional¹ £ billion	43.2				43.2 25.5%
Long conventional² £ billion	23.5	16.3			39.8 23.5%
Index-linked £ billion	10.5	6.5			17.0 10.0%
Unallocated £ billion				3.0	3.0 1.8%
Total £ billion	142.3	22.8	1.4	3.0	169.5
Total per cent	84.0%	13.5%	0.8%	1.8%	
<i>Figures may not sum due to rounding.</i>					
¹ Including green gilt sales.					
² Including green gilt sales.					