

REVISION TO THE DMO FINANCING REMIT 2023-24

1. The DMO's financing remit has been revised today following publication by the Office for National Statistics of the 2022-23 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.

The DMO's revised Net Financing Requirement (NFR) in 2023-24¹

2. The revised NFR for the DMO in 2023-24 is forecast to be £242.8 billion; this represents a reduction of £3.3 billion compared with the forecast published at the Spring Budget 2023. The reduction in the NFR will be managed by:
 - A reduction in planned gilt sales of £3.3 billion (taking planned gilt sales in 2023-24 to £237.8 billion), achieved by:
 - A reduction of £2.1 billion in sales of short conventional gilts via auctions; and
 - A reduction of £1.2 billion in sales of long conventional gilts via auctions.
 - The reductions will be implemented via marginally lower planned average short and long conventional gilt auction sizes.
3. The £3.3 billion reduction in the NFR in 2023-24 reflects:
 - The outturn CGNCR (ex NRAM, B&B, and NR) in 2022-23, which, at £111.3 billion, is £4.1 billion lower than the forecast published at the Spring Budget 2023;
 - NS&I's overall Net Financing provisional outturn for 2022-23 of £10.0 billion, £3.4 billion higher than the forecast published at the Spring Budget 2023. NS&I will publish the final audited outturn figure in its 2022-23 Annual Report and Accounts, which are due to be laid before Parliament in summer 2023; and
 - A contribution to financing in 2022-23 of -£1.6 billion from other items², £3.0 billion lower than the forecast published at the Spring Budget 2023.
 - These three factors reduced the DMO's NFR in 2022-23 by £4.5 billion to £176.9 billion; however, the impact of this reduction on the short term financing adjustment carried forward to 2023-24 was partially offset by the outturn (cash) contribution from Treasury bill sales for debt management purposes in 2022-23, which, at £32.0 billion, was £1.2 billion lower than planned at the Spring Budget 2023³.

¹ Figures in this announcement may not sum due to rounding.

² These comprised financing through non-governmental deposits, revenue from coinage, certificates of tax deposit and foreign exchange transactions relating to the Exchange Equalisation Account.

³ There can be a difference between the change in the planned end-year Treasury bill stock for debt management purposes, and the amount of cash raised through Treasury bill sales for debt management purposes during the financial year. The size of this difference is dependent on the level of market yields at the time of issuance. Any deviation in the planned cash contribution from such Treasury bills is incorporated in the DMO's net cash position, and contributes to the NFR for the following financial year.

4. The revised financing arithmetic for 2022-23 and 2023-24 is at Annex A.

Planned gilt sales

5. The split of the £3.3 billion reduction in planned gilt sales, in absolute and proportionate terms, is shown in Table 1 below. Planned green gilt sales in 2023-24 are unchanged at £10.0 billion; these will form part of the medium and long conventional gilt issuance programmes.

Table 1: Changes to planned gilt sales in 2023-24

	Gilt sales (£bn)			Proportionate split		
	Spring Budget March 2023	April 2023 revision	Change	Spring Budget March 2023	April 2023 revision	Change
Short	86.7	84.6	-2.1	36.0%	35.6%	-0.4%
Medium	65.3	65.3	0.0	27.1%	27.5%	0.4%
Long	50.9	49.7	-1.2	21.1%	20.9%	-0.2%
Index-linked	26.2	26.2	0.0	10.9%	11.0%	0.2%
Unallocated	12.0	12.0	0.0	5.0%	5.0%	0.1%
Totals	241.1	237.8	-3.3			

Gilt auctions

6. There are no changes to the number of gilt auctions, with 66 planned in total, split 20 short, 19 medium, 14 long and 13 index-linked. There is also no change to the existing planned gilt auction calendar.

Gilt syndications

7. There are no changes to the planned syndication programme in 2023-24. Gilt sales by syndication of £27.0 billion are planned (approximately £18.0 billion of long conventional gilts in four transactions and approximately £9.0 billion of index-linked gilts in three transactions).

Unallocated gilt sales

8. There is no change to the size of the unallocated portion of gilt issuance, which remains at £12.0 billion.
9. The currently planned split of gilt issuance is shown in Table 2 below.

Treasury bill stocks for debt management purposes

10. There is no change to the planned increase in the Treasury bill stock for debt management purposes in 2023-24, which remains at £5.0 billion.

Table 2: Currently planned split of gilt issuance by type, maturity and issuance method in 2023-24

	Auction	Syndication	Gilt tender	Unallocated	Total
Short conventional £ billion	84.6				84.6 35.6%
Medium conventional¹ £ billion	65.3				65.3 27.5%
Long conventional² £ billion	31.7	18.0			49.7 20.9%
Index-linked £ billion	17.2	9.0			26.2 11.0%
Unallocated £ billion				12.0	12.0 5.0%
Total £ billion	198.8	27.0	0.0	12.0	237.8
Total per cent	83.6%	11.4%	0.0%	5.0%	
<i>Figures may not sum due to rounding.</i>					
¹ Including green gilt sales.					
² Including green gilt sales.					

25 April 2023

ANNEX A: Revised financing arithmetic 2022-23 and 2023-24

(£ billions)	2022-23 Outturn	2023-24 April update
CGNCR (ex NRAM, B&B, and NR) ¹	111.3	159.5
Gilt redemptions	107.1	117.0
Financing adjustment carried forward from previous financial years ²	-33.1	-24.6
Gross Financing Requirement	185.3	251.9
<i>Less:</i>		
NS&I net financing	9.4	7.5
NS&I Green Savings Bonds	0.6	-
Other financing ³	-1.6	1.5
Net Financing Requirement (NFR) for the DMO	176.9	242.8
DMO's NFR will be financed through:		
Gilt sales, through sales of:		
- Short conventional gilts	65.3	84.6
- Medium conventional gilts (including green gilts)	45.4	65.3
- Long conventional gilts (including green gilts)	41.1	49.7
- Index-linked gilts	17.7	26.2
- Unallocated amount of gilts	0.0	12.0
Total gilt sales for debt financing	169.5	237.8
Total net contribution of Treasury bills for debt financing	32.0	5.0
Total financing	201.5	242.8
DMO net cash position	26.9	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 -£24.6 billion adjustment in 2023-24 is the amount required to reduce the estimated DMO cash position at end-March 2024 to £2.3 billion.		
³ This financing item is typically comprised of estimated income from coinage and unhedged reserves.		