

## CGNCR OUTTURN 2014-15: REVISION TO THE DMO'S FINANCING REMIT 2015-16

1. Planned gilt sales in 2015-16 are being reduced by £2.5 billion<sup>1</sup> to £130.9 billion today following the publication of the outturn Central Government Net Cash Requirement (excluding Bradford and Bingley (B&B), Northern Rock Asset Management) (NRAM) and Network Rail (NR)) (CGNCR ex B&B, NRAM and NR)) for 2014-15.
2. There is no change to planned net sales of Treasury bills in 2015-16, which remain at £7.0 billion (implying an end-March 2016 stock of £72.0 billion).

### Changes to planned gilt sales

3. The £2.5 billion reduction in planned gilt sales is being reflected entirely in the auction programme, reducing the overall size of that programme to £102.7 billion. There is no change to the gilt auction calendar in 2015-16.
4. Planned supplementary gilt sales via syndicated offerings in 2015-16 remain unchanged at £24.2 billion (£9.3 billion long conventional and £14.9 billion index-linked). The unallocated portion of the supplementary programme also remains unchanged at £4.0 billion<sup>2</sup>.
5. The reduction in planned gilt sales at auctions is being split as follows. The reduction has been designed to maintain the planned split by maturity and type of issuance announced at Budget 2015.

(£bn)	Reduction	Revised auction plans
Short conventional	0.7	33.2
Medium conventional	0.5	26.2
Long conventional	0.7	27.4
Index-linked	0.6	15.9
<b>TOTALS</b>	<b>2.5</b>	<b>102.7</b>

6. The resultant reductions in implied average auction sizes (in cash terms) are as follows:

(£bn)	Pre-outturn (at 21 April 2015)	Post-outturn
Short conventional	4.25	4.15
Medium conventional	3.34	3.28
Long conventional	2.34	2.27
Index-linked	1.43	1.37

<sup>1</sup> All figures are in cash terms unless stated otherwise.

<sup>2</sup> The initially unallocated portion of the supplementary programme can be allocated to syndications and/or mini-tenders, subject to market demand.

## **Changes to the financing requirement**

7. The net financing requirement for 2015-16 has fallen by £2.5 billion, to £137.9 billion compared to the forecast published at Budget 2015, reflecting:

### **2014-15**

- a. the CGNCR outturn for 2014-15, which at £92.3 billion is £3.9 billion lower than forecast by the Office for Budget Responsibility at Budget 2015;
- b. a downward revision to the net contribution to financing from NS&I in 2014-15 of £0.1 billion;
- c. an increase in financing for the Reserves of £0.7 billion in 2014-15 (offset in 2015-16);
- d. a downward revision to estimated net financing from other smaller sources of £1.7 billion.
- e. additional gilt sales of £0.3 billion in 2014-15 compared to the total forecast at Budget (reflecting take-up of the Post Auction Option Facility); and

### **2015-16**

- f. a £0.7 billion reduction in financing for the Reserves.
8. The revised financing arithmetic is at Annex A.
  9. This announcement will be appearing on the DMO website at [www.dmo.gov.uk](http://www.dmo.gov.uk).

**23 April 2015**

## Annex A: Revised financing arithmetic

Financing Arithmetic (2014-15 CGNCR outturn April 2015)	2014-15	2015-16
<b>a) Financing items</b>		
Central Government Net Cash Requirement exc. B&B, NRAM & Network Rail <sup>1</sup>	92.3	78.9
UKAR adjustment	0.0	6.7
Gilt redemptions	64.5	70.2
Financing for the Reserves	12.7	5.3
Gilt secondary market purchases	0.0	0.0
Financing adjustment carried forward from the previous financial years	-30.2	-13.1
<b>Gross Financing Requirement</b>	<b>139.2</b>	<b>148.1</b>
<i>Less:</i>		
Net contribution from National Savings & Investments	18.2	10.0
Sukuk	0.2	0.0
Renminbi	0.3	0.0
Other financing items <sup>2</sup>	-1.4	0.2
<b>Net Financing Requirement for DMO (NFR)</b>	<b>121.8</b>	<b>137.9</b>
<b>b) Financed by:</b>		
<b>1. Debt issuance by the DMO</b>		
<b>a) Treasury bills (planned change in stock issued at tenders)</b>	<b>8.5</b>	<b>7.0</b>
<b>b) Gilt sales (planned outright sales)</b>	<b>126.4</b>	<b>130.9</b>
- Short conventional	31.9	33.2
- Medium conventional	28.2	26.2
- Long conventional	34.1	36.7
- Index-linked	32.3	30.8
- Unallocated supplementary sales		4.0
<b>2. Planned change in the level of the Ways and Means</b>	<b>0.0</b>	<b>0.0</b>
<b>Total financing</b>	<b>134.9</b>	<b>137.9</b>
<b>Short-term debt/cash levels at end of financial year</b>		
Treasury bill stock via tenders (in market hands) <sup>3</sup>	65.0	72.0
Ways and Means	0.4	0.4
DMO net cash position	13.6	0.5
<i>Figures may not sum due to rounding.</i>		
<sup>1</sup> This excludes Network Rail's cash requirement but includes HM Treasury's requirement for financing £6.5 billion of lending to Network Rail. This was first presented as a separate item in the financing arithmetic at April 2014.		
<sup>2</sup> From Autumn Statement 2014 onwards, the financing arithmetic has included provision for small sources of additional financing. For 2014-15, this includes additional financing through non-governmental deposits, coinage, certificates of tax deposit and foreign exchange transactions. Prior to publication of the end-year outturn in April 2016, the figure for 2015-16 will only comprise estimated revenue from coinage.		
<sup>3</sup> The DMO has operational flexibility to vary the end-financial year stock by a maximum of £5 billion relative to the planning assumption, to offset any anticipated net Exchequer cash surplus or deficit towards year-end.		

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

	Auction	Syndication	Unallocated supplementary	Total
<b>Short conventional</b>				
£ billion	<b>33.2</b>			<b>33.2</b>
Per cent				25.4%
<b>Medium conventional</b>				
£ billion	<b>26.2</b>			<b>26.2</b>
Per cent				20.0%
<b>Long conventional</b>				
£ billion	<b>27.4</b>	<b>9.3</b>		<b>36.7</b>
Per cent				28.0%
<b>Index-linked</b>				
£ billion	<b>15.9</b>	<b>14.9</b>		<b>30.8</b>
Per cent				23.5%
<b>Unallocated</b>				
£ billion			<b>4.0</b>	<b>4.0</b>
Per cent				3.1%
<b>Total £ billion</b>	<b>102.7</b>	<b>24.2</b>	<b>4.0</b>	<b>130.9</b>
	<b>78.5%</b>	<b>18.5%</b>	<b>3.1%</b>	
<i>Figures may not sum due to rounding</i>				