

CGNCR 2010-11 OUTTURN: 21 APRIL 2011

REVISION TO THE DMO'S FINANCING REMIT 2011-12

1. Planned gilt sales by the DMO in 2011-12 are being reduced by £1.5 billion to £167.5 billion as a consequence of the Central Government Net Cash Requirement (CGNCR) outturn for 2010-11, which has been published today by the Office for National Statistics (ONS) and HM Treasury.
2. The reductions in planned gilt sales are being split by type and maturity of gilt as shown below, and are designed broadly to maintain the planned split of issuance announced at Budget 2011:
 - Short-dated conventional -£0.6 billion (to £57.4 billion)
 - Medium-dated conventional -£0.2 billion (to £34.7 billion)
 - Long-dated conventional -£0.3 billion (to £37.4 billion)
 - Index-linked gilts -£0.4 billion (to £38.0 billion)
3. All reductions are to planned sales by auction, but there are no changes to the auction calendar announced at Budget 2011. The revised auction sales targets are:
 - Short-dated conventional £57.4 billion
 - Medium-dated conventional £34.7 billion
 - Long-dated conventional £21.0 billion
 - Index-linked gilts £18.2 billion
4. At £139.6 billion, the 2010-11 CGNCR outturn is £1.6 billion lower than forecast at Budget 2011. Offsetting this, is a £0.2 billion lower revised forecast contribution to financing in 2010-11 from National Savings and Investments. Updated financing arithmetic for 2010-11 and 2011-12 is at Annex A¹.
5. Overall, the DMO's net financing requirement for 2011-12 has fallen by £3.2 billion since Budget 2011, but £1.7 billion of this reduction is accounted for by additional sales of Treasury bills via the bilateral facility in late March 2011; these Treasury bills mature in 2011-12 and this is reflected in the larger planned run-down of Treasury bills compared to Budget 2011 (-£3.3 billion compared to -£1.6 billion).
6. The revised split of issuance by type, maturity and method of issuance is at Annex B.
7. The progress of gilt sales in 2011-12 to-date relative to the revised remit targets is at Annex C.

¹ Figures may not sum due to rounding.

Annex A: Updated financing arithmetic

CGNCR 2010-11 outturn Financing arithmetic (£bn)	2010-11	2011-12
CGNCR	139.6	120.4
Redemptions ¹	38.6	49.0
Financing for reserves	6.0	6.0
Buy-backs	0.2	0.0
Planned short-term financing adjustment ²	-26.3	-9.2
Gross Financing requirement	158.0	166.2
Less		
Contribution from National Savings & Investments	0.1	2.0
Net Financing requirement	158.0	164.2
Financed by:		
1. Debt issuance by the DMO		
a) Treasury bills (net stock change in FY)³	0.8	-3.3
b) Gilt sales (planned outright sales)	166.4	167.5
Short-dated conventionals	53.2	57.4
Medium-dated conventionals	38.1	34.7
Long-dated conventionals	41.1	37.4
Index-linked	34.0	38.0
2. Other planned changes in short term debt		
Ways and Means	0.0	0.0
3. Change in short term cash position⁴	9.2	0.0
Total financing	167.2	164.2
Short-term debt levels at end of financial year		
Treasury bill stock (in market hands)	64.1	60.8
Ways and Means	0.4	0.4
DMO net cash position	9.7	0.5
<p>1. The redemption total for 2011-12 assumes that 7¼% Treasury Stock 2012-15 will be redeemed at the earliest possible opportunity on 26 January 2012.</p>		
<p>2. To accommodate changes to the current year's financing requirement resulting from (i) publication of the previous year's outturn CGNCR; (ii) an increase in the DMO's cash position at the Bank of England and/or (iii) carry over of unanticipated changes to the cash position from the previous year.</p>		
<p>3. The stock change shown here is a planning assumption. The DMO may finish the financial year with a higher or lower Treasury bill stock than assumed above, depending on the extent to which the DMO uses other short term cash instruments to raise finance and the extent to which there is a deviation from plan on proceeds from supplementary methods of issuance.</p>		
<p>4. The change in the short-term cash position for 2010-11 (and the level of the net short term cash position at the end of the financial year) will also include any impact on financing arising from other activities carried out within Government (e.g. issuance of tax instruments, transfers between central government and other sectors, and foreign exchange transactions). The zero change for the short-term cash position in 2011-12 assumes that the DMO's planning assumption for the end-year Treasury bill stock is met. To the extent that the DMO uses alternative short-term cash instruments to raise finance within year, this will be reflected (as a negative number) in this line in the Table above. A negative (positive) number here indicates an increase in (reduction in) the financing requirement for the following financial year.</p>		
<p>Figures may not sum due to rounding.</p>		

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

	Auction	Syndication	Mini-tender	Total
Short-dated conventional				
£ billion	57.4			57.4
Per cent				34.3%
Medium-dated conventional				
£ billion	34.7			34.7
Per cent				20.7%
Long-dated conventional				
£ billion	21.0	13.5	2.9	37.4
Per cent				22.3%
Index-linked				
£ billion	18.2	18.1	1.7	38.0
Per cent				22.7%
Total	131.3	31.6	4.6	167.5
<i>As a planning assumption the DMO will use the supplementary issuance programme to sell long-dated conventional and index-linked gilts.</i>				
<i>Figures may not sum due to rounding.</i>				

Annex C: Progress of gilt sales in 2011-12 relative to the revised remit targets

Gilt sales relative to remit plans: 21 April 2011 (£ millions)					
	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Auction sales to-date	4,862	3,462	1,975	2,172	12,471
PAOF proceeds to-date	0	304	0	74	377
Syndication sales to-date			0	0	0
Mini-tender sales to date			0	0	0
Total gilt sales to date	4,862	3,766	1,975	2,245	12,849
Auction sales required to meet plans (excludes PAOF proceeds)	52,538	31,238	19,025	16,028	118,829
Number of auctions remaining	11	9	9	13	42
Currently required average auction sizes	4,776	3,471	2,114	1,233	
Syndication sales required to meet plan			13,500	18,100	31,600
Mini-tender sales required to meet plan			2,900	1,700	4,600
Planned gilt sales at auctions	57,400	34,700	21,000	18,200	131,300
Number of auctions scheduled	12	10	10	15	47
Planned gilt sales by syndication			13,500	18,100	31,600
Planned sales by mini-tender			2,900	1,700	4,600
Total planned supplementary gilt sales			16,400	19,800	36,200
Total planned gilt sales	57,400	34,700	37,400	38,000	167,500