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## PRESS NOTICE

### DMO FINANCING REMIT 2021-22: 27 OCTOBER 2021 REVISION

1. Planned total gilt sales in 2021-22 are falling by £57.8 billion to £194.8 billion, and planned net sales of Treasury bills for debt management purposes are falling by £25.0 billion to -£23.2 billion following publication today of the Office for Budget Responsibility's (OBR's) Economic and Fiscal Outlook (EFO).
2. The OBR's latest forecast for the Central Government Net Cash Requirement (excluding NRAM Ltd, Bradford & Bingley and Network Rail) (CGNCR ex) for 2021-22 is £157.6 billion, a reduction of £82.8 billion since the forecast published at the Spring Budget on 3 March 2021. The corresponding forecast of the DMO's net financing requirement (NFR) has also fallen by £82.8 billion to £171.6 billion. The updated financing arithmetic is at Annex A.
3. Planned gilt sales are being reduced for the remainder of the financial year as shown in Table 1, which sets out the reduction by type and maturity of gilt, the associated issuance percentages and comparisons with the plans announced in March and April 2021<sup>1</sup>.

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<sup>1</sup> The remit was revised on 23 April 2021 to coincide with the publication of the outturn for the 2020-21 CGNCR ex.

**Table 1: Planned gilt sales reductions in 2021-22**

	March 2021 Budget	April 2021 CGNCR 2020- 21 outturn	Autumn 2021 Budget	Changes relative to April outturn
<b>£bn</b>				
Short	87.0	72.0	53.5	-18.5
Medium <sup>1</sup>	65.4	53.5	55.1	1.6
Long <sup>2</sup>	82.8	73.2	59.9	-13.3
Index-linked	32.7	28.4	26.3	-2.1
Unallocated	28.0	25.5	0.0	-25.5
<b>Total</b>	<b>295.9</b>	<b>252.6</b>	<b>194.8</b>	<b>-57.8</b>
<b>%</b>				
Short	29.4%	28.5%	27.5%	-1.0%
Medium <sup>1</sup>	22.1%	21.2%	28.3%	7.1%
Long <sup>2</sup>	28.0%	29.0%	30.7%	1.8%
Index-linked	11.1%	11.2%	13.5%	2.3%
Unallocated	9.5%	10.1%	0.0%	-10.1%
<i>Figures may not sum due to rounding.</i>				
<sup>1</sup> Includes green gilt sales of £10.0 billion.				
<sup>2</sup> Includes green gilt sales of £6.1 billion.				

**Gilt auctions**

4. The reduction in planned gilt issuance will principally be managed by reducing gilt sales via auctions, which will fall by £49.9 billion to £151.7 billion, and the number of gilt auctions, which will fall by 19, leaving 14 auctions now planned in the period November 2021 to end March 2022. The changes to gilt sales plans and the number of auctions are summarised in Table 2 below.

**Table 2: Planned gilt sales via auction in 2021-22 and number and type of gilt auctions planned in November 2021 to March 2022**

	Planned gilt sales via auction in 2021-22		
	Planned pre Budget	Planned post Budget	Change
<b>(£bn)</b>			
Short	72.0	53.5	-18.5
Medium	53.5	45.1	-8.4
Long	56.7	36.9	-19.8
Index-linked	19.4	16.2	-3.2
	<b>201.6</b>	<b>151.7</b>	<b>-49.9</b>
	Gilt auctions November 2021 to March 2022		
<b>Numbers</b>			
Short	7	3	-4
Medium	8	4	-4
Long	11	4	-7
Index-linked	7	3	-4
	<b>33</b>	<b>14</b>	<b>-19</b>

5. The revised gilt auction calendar for November 2021 to March 2022, and the dates of those previously scheduled auctions which have been cancelled, is at Annex B.

### **Gilt syndications**

6. The DMO is planning to schedule two gilt syndications in the period November 2021 to March 2022 (through which the DMO expects to raise approximately £8 billion); these are summarised below:
  - an existing or new index-linked gilt maturing in the 40-year area or longer, in the week commencing 22 November 2021; and
  - a long conventional gilt, in Q4 2021-22. The DMO will be seeking market views on the specific maturity and timing of this transaction at the next quarterly consultation conference calls currently scheduled for Monday 22 November 2021 (the agenda for which will be published at 3.30pm on Monday 15 November 2021).
7. Currently planned gilt sales via syndications (including green gilt sales) in 2021-22 are £43.1 billion. The currently planned split of gilt issuance in 2021-22 by type and maturity of gilt, and by method of issuance is at Annex C.

### **Unallocated portion of gilt issuance**

8. The DMO's unallocated portion of gilt issuance for 2021-22 was initially set at £28.0 billion in the remit published alongside the Spring Budget in March 2021. This was reduced to £25.5 billion as part of the remit revision in April 2021 and is now being reduced to zero. In advance of today the unallocated portion had been drawn down by £18.1 billion to £7.4 billion between May and October 2021. £1.0 billion was added to each of the index-linked and long conventional programmes, £10.0 billion was allocated to medium green gilt issuance and £6.1 billion to long green gilt issuance.

### **Treasury bills**

- **Debt management**
9. The DMO is planning to reduce the stock of Treasury bills for debt management purposes by £25.0 billion in 2021-22 compared with previous plans, implying a net stock reduction of £23.2 billion of such bills, which in turn implies a stock of £36.8 billion by end-March 2022.

- **Cash management**

10. Treasury bills issued for cash management purposes will not contribute to the stock of Treasury 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**

11. Table 3 below shows annual illustrative gross financing projections from 2022-23 to 2026-27 using the OBR's updated projections of the CGNCR ex, together with the latest estimate of gilt redemptions in these years. These are not forecasts of future gilt sales. Rather, they provide an illustration of the gross financing requirement on the assumption that this is financed entirely via gilt sales.

**Table 3: Illustrative gross financing projections to 2026-27**

<b>£ billion</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
CGNCR (ex NRAM, B&B and NR)	107.9	82.8	72.7	61.2	52.3
Gilt redemptions	107.1	117.0	114.8	126.2	66.4
<b>Illustrative gross financing requirement (IGFR)</b>	<b>215.0</b>	<b>199.8</b>	<b>187.5</b>	<b>187.3</b>	<b>118.7</b>
<i>Figures may not sum due to rounding.</i>					

## Annex A: The financing arithmetic 2021-22

	2021-22 April	2021-22 October
CGNCR (ex NRAM, B&B and NR) <sup>1</sup>	240.4	157.6
Gilt redemptions	79.3	79.3
Financing adjustment carried forward from previous financial years <sup>2</sup>	-58.8	-58.8
<b>Gross Financing Requirement</b>	<b>260.9</b>	<b>178.1</b>
<i>Less:</i>		
NS&I net financing <sup>3</sup>	6.0	6.0
Sale of UK sovereign Sukuk	0.5	0.5
Other financing	0.0	0.0
<b>Net Financing Requirement (NFR) for the DMO</b>	<b>254.4</b>	<b>171.6</b>
DMO's NFR will be financed through:		
<b>Gilt sales, through sales of:</b>		
- Short conventional gilts	72.0	53.5
- Medium conventional gilts <sup>4</sup>	53.5	55.1
- Long conventional gilts <sup>5</sup>	73.2	59.9
- Index-linked gilts	28.4	26.3
- Unallocated amount of gilts	25.5	0.0
<b>Total gilt sales for debt financing</b>	<b>252.6</b>	<b>194.8</b>
<b>Total net contribution of Treasury bills for debt financing</b>	<b>1.8</b>	<b>-23.2</b>
<b>Total financing</b>	<b>254.4</b>	<b>171.6</b>
DMO net cash position	2.3	2.3
<i>Figures may not sum due to rounding.</i>		
<p><i>Following the 'Debt management report 2021-22' in March 2021, the financing arithmetic was updated in April 2021 to reflect the outturn of the previous financial year's CGNCR (excluding NRAM Ltd, Bradford &amp; Bingley, and Network Rail), which changes the financing adjustment and gross financing requirement. The sale of the second UK sovereign Sukuk in March 2021 was also reported at this point.</i></p>		
<p><sup>1</sup> Central Government Net Cash Requirement (excluding NRAM Ltd, Bradford &amp; Bingley (B&amp;B) and Network Rail (NR)).</p>		
<p><sup>2</sup> The -£58.8 billion financing adjustment in 2021-22 carried forward from previous years reflects the 2020-21 outturn for the CGNCR (ex NRAM, B&amp;B, and NR), as first published on 23 April 2021 and an increase of £1.8 billion in the planned DMO end-financial year net cash position to £2.3 billion.</p>		
<p><sup>3</sup> The proceeds from the sale of the NS&amp;I Green Savings Bonds do not form part of the annual net financing target. They will be reported as part of the financing arithmetic before the financial year's end.</p>		
<p><sup>4</sup> The October total includes £10.0 billion of proceeds from a medium green gilt syndication.</p>		
<p><sup>5</sup> The October total includes £6.1 billion of proceeds from a long green gilt syndication.</p>		

**Annex B: Changes to the planned gilt auction calendar**

<b>Date</b>	<b>Gilt(s)</b>	<b>Comments/size and further details announced at 3.30pm</b>	
Tuesday 2 November	10.00am 11.30am	0¼% Treasury Gilt 2025 1½% Treasury Gilt 2071	£3,000 million nominal £1,250 million nominal
Wednesday 3 November	10.00am	0½% Treasury Gilt 2029	Wednesday 27 October
Tuesday 9 November		1¼% Treasury Gilt 2051	Cancelled
Wednesday 10 November	10.00am	0⅞% Index-linked Treasury Gilt 2031	Wednesday 3 November
Tuesday 16 November	10.00am	0⅞% Treasury Gilt 2046	Tuesday 9 November ***0⅞% Treasury Gilt 2026 auction cancelled
Wednesday 17 November		A new conventional gilt maturing on 31 January 2032	Cancelled
Wednesday 1 December	10.00am	A new conventional gilt maturing on 31 January 2032	Wednesday 24 November ***1⅞% Treasury Gilt 2039 auction substituted with new January 2032 (brought forward from 14 December)
Thursday 2 December		0¼% Treasury Gilt 2025	Cancelled
Tuesday 7 December	10.00am	1¼% Treasury Gilt 2051	Tuesday 30 November
Wednesday 8 December		0⅞% Index-linked Treasury Gilt 2039	Cancelled
Tuesday 14 December		A new conventional gilt maturing on 31 January 2032 - auction moved to 1 December	Cancelled
Wednesday 5 January		Conventional	Cancelled
Tuesday 11 January		Conventional	
Wednesday 12 January		Index-linked	Cancelled
Tuesday 18 January		Conventional	
Wednesday 19 January		Conventional	Cancelled
Tuesday 25 January		Conventional	Cancelled
Wednesday 26 January		Index-linked	
Tuesday 1 February		Conventional	Cancelled
Wednesday 2 February		Conventional	Cancelled
Tuesday 8 February		Conventional	Cancelled
Wednesday 9 February		Index-linked	Cancelled
Tuesday 15 February		Conventional	
Wednesday 16 February		Conventional	Cancelled
Wednesday 23 February		Index-linked	Cancelled
Tuesday 1 March		Conventional	Cancelled
Wednesday 2 March		Conventional	
Tuesday 8 March		Conventional	
Tuesday 15 March		Index-linked	
Wednesday 16 March		Index-linked	Cancelled
Tuesday 22 March		Conventional	Cancelled

**Planned gilt auction calendar for 1 November 2021 – 31 March 2022**

<b>Date</b>	<b>Gilt(s)</b>	<b>Comments/size and further details announced at 3.30pm<sup>2</sup></b>	
Tuesday 2 November	10.00am 11.30am	0¼% Treasury Gilt 2025 1½% Treasury Gilt 2071	£3,000 million nominal £1,250 million nominal
Wednesday 3 November	10.00am	0½% Treasury Gilt 2029	Wednesday 27 October
Wednesday 10 November	10.00am	0%% Index-linked Treasury Gilt 2031	Wednesday 3 November
Tuesday 16 November	10.00am	0%% Treasury Gilt 2046	Tuesday 9 November
Wednesday 1 December	10.00am	A new conventional gilt maturing on 31 January 2032	Wednesday 24 November
Tuesday 7 December	10.00am	1¼% Treasury Gilt 2051	Tuesday 30 November
Tuesday 11 January		Conventional	
Tuesday 18 January		Conventional	
Wednesday 26 January		Index-linked	
Tuesday 15 February		Conventional	
Wednesday 2 March		Conventional	
Tuesday 8 March		Conventional	
Tuesday 15 March		Index-linked	

<sup>2</sup> The dates for the publication of further details about the auctions in Q4 2021-22 will be set out in the Q4 2021-22 operations calendar announcement.

## Annex C: Planned gilt issuance in 2021-22 by type, maturity and method of issuance

	Auction	Syndication	Gilt tender	Unallocated	Total
<b>Short conventional</b> £ billion	53.5				53.5 27.5%
<b>Medium conventional<sup>1</sup></b> £ billion	45.1	10.0			55.1 28.3%
<b>Long conventional<sup>2</sup></b> £ billion	36.9	23.0			59.9 30.7%
<b>Index-linked</b> £ billion	16.2	10.1			26.3 13.5%
<b>Unallocated</b> £ billion					0.0 0.0%
<b>Total £ billion</b>	<b>151.7</b>	<b>43.1</b>	<b>0.0</b>	<b>0.0</b>	<b>194.8</b>
<b>Total per cent</b>	<b>77.9%</b>	<b>22.1%</b>	<b>0.0%</b>	<b>0.0%</b>	
<i>Figures may not sum due to rounding.</i>					
<sup>1</sup> The medium conventional syndication total includes £10.0 billion of green gilt proceeds.					
<sup>2</sup> The long conventional syndication total includes £6.1 billion of green gilt proceeds.					