

## **Minutes of meeting with gilt investors in Scotland on 27 January 2017**

Officials from the UK Debt Management Office (DMO) and HM Treasury met representatives of Scottish-based gilt investors in Edinburgh on 27 January 2017. The meeting complemented those held at HM Treasury, in London, on 23 January 2017, and was held primarily to allow investors based in Scotland to present their views on the structure of the DMO's financing remit for 2017-18.

At Autumn Statement 2016 the gross financing requirement for 2017-18 was forecast to be £133.8 billion. The DMO's financing remit for 2017-18 will be published alongside Spring Budget 2017 on 8 March 2017.

The main points relating to the remit for 2017-18 discussed at the meeting are summarised below:

In general, it was thought that the remit for 2016-17 had been structured appropriately and had been delivered well against a challenging market backdrop, including a number of external event risks. No significant changes to the split of gilt issuance between index-linked and conventional gilts or in the maturity split within conventional issuance were recommended for 2017-18.

The ongoing structural demand for index-linked gilts was noted, as was the assessment that demand was such that it could accommodate higher levels of index-linked gilt issuance. At the same time there was some discussion as to the overall levels of real and nominal exposure in the debt portfolio. The high proportion of the UK debt portfolio accounted for by inflation-linked debt compared to other major sovereign issuers was also noted.

In terms of the package of measures introduced to help facilitate remit delivery in 2016-17, smaller auction sizes for short and medium conventional gilts were welcomed in helping the market accommodate supply and it was suggested that this might continue. No significant issues were raised in connection with the delivery of the syndication programme, but there was some discussion about the most appropriate use of flexibility within the remit and the desired balance of predictable scheduling of operations.