

DMO FINANCING REMIT 2023-24

1. The DMO's financing remit for 2023-24 has been published today alongside Spring Budget 2023. The main points, including operational aspects, are summarised below.

DMO's Net Financing Requirement

2. The Net Financing Requirement (NFR) for the DMO in 2023-24 is forecast to be £246.1 billion; this will be financed by gilt sales of £241.1 billion (including planned green gilt sales of £10.0 billion) and net Treasury bill sales for debt management purposes of £5.0 billion.

Gilt sales

3. Planned gross gilt sales of £241.1 billion will be met through a combination of:
- a. £202.1 billion of issuance (83.8% of total sales) in 66 auctions, with a planned split as follows¹:

○ Short conventional	£86.7 billion in 20 auctions
○ Medium conventional (including green)	£65.3 billion in 19 auctions
○ Long conventional (including green)	£32.9 billion in 14 auctions
○ Index-linked	£17.2 billion in 13 auctions
 - b. A current plan for approximately £27.0 billion (11.2% of total sales) in seven syndications to be raised via:

○ Approximately £18.0 billion of long conventional gilts in four transactions; and
○ Approximately £9.0 billion of index-linked gilts in three transactions.
 - c. £12.0 billion (5.0% of total sales) from an initially unallocated portion of issuance, which can be used to issue any type or maturity of conventional (excluding green) gilt and index-linked gilt via any issuance method. The unallocated portion of issuance is, in general, intended to facilitate remit delivery by permitting gilt supply to be tailored more responsively in-year to developments in the gilt market.
4. The initially planned split of gilt issuance by type, maturity and issuance method is set out in Annex A. However, in order to ensure successful delivery of the financing programme in 2023-24, both the split of issuance and the mix of distribution methods used to deliver it may vary during the year.
- a. The overall split of issuance by maturity and type of gilt is likely to be affected by the DMO's issuance decisions in-year, taking account of market feedback

¹ Figures may not sum due to rounding.

and the use of the initially unallocated portion of issuance. Consequently, the overall split of issuance by the end of the financial year may depart from the initial plans published in this remit at Spring Budget 2023.

- b. The DMO may, at any time during the financial year, make alterations to the amounts of financing that it plans to raise through each issuance method. This may include changes to the size of the unallocated portion of issuance during the financial year, for example, as a result of the DMO's decisions on the size(s) of (a) syndicated offering(s) and/or the scheduling of (a) gilt tender(s).

5. Consequently, gilt sales from either the syndication and/or auction programmes at any maturity sector may vary from an otherwise broadly even-flow delivery during the financial year. Proceeds raised following the final transaction of each syndication programme may also vary from the planned total for each programme.

6. Any changes in the breakdown of planned gilt issuance either by type, maturity and/or issuance method will be reported in the normal way, including alongside updates to the financing remit (for example at future fiscal events) and at quarterly intervals (see also paragraphs 9 and 10). However, changes may also be announced at other times, including following individual syndicated offerings.

Green gilt issuance

7. Green gilt issuance of £10.0 billion (cash) is planned in 2023-24, subject to demand and market conditions. The expectation is that the focus this year will be on further re-openings of the two existing green gilts and continuing to build them towards benchmark size for gilts. This approach will be kept under review taking into account market conditions.

The gilt auction programme

8. The planned gilt auction calendar in 2023-24 is set out in Annex B. The DMO will size gilt auctions on a case-by-case basis taking into account the type and maturity of gilt to be sold and prevailing market conditions.

Changes to the planned gilt auction calendar

9. The DMO's general intention will be to implement the planned auction calendar as published alongside Spring Budget 2023, whilst recognising the importance of allowing, through in-year adjustments to the calendar, scope to respond appropriately to unforeseen or changing circumstances. Hence, the planned gilt auction calendar may be altered, for example, to accommodate the Chancellor's decisions on the fiscal event timetable, any significant data releases or market sensitive events announced subsequently and/or to accommodate the scheduling of a syndicated offering. The DMO will provide the market with prior notice of any such alteration.

10. The planned gilt auction calendar may also be changed on a quarterly basis following consultation with the market. Any such change(s) to the planned auction calendar for the forthcoming quarter would be set out as part of the quarterly issuance announcement. The reason(s) for any change(s) to the auction calendar may include

an alteration to the assumed mix of issuance methods to deliver the planned financing by gilt type and maturity in the forthcoming quarter.

The syndication programme

11. Any type and maturity of gilt can be sold via syndication and the DMO will announce on a quarterly basis its planned syndication programme.

12. Any impact on the planned mix of distribution methods used to deliver the financing programme will be reported by the DMO.

13. The DMO's initial planning assumption is that it will hold seven syndicated offerings (four of conventional gilts and three of index-linked gilts) in 2023-24. The DMO will provide updates on the progress of the syndication programme in press notices announcing the result of each transaction and in its quarterly issuance calendar announcements. Each syndicated offering will be sized having regard to the amount and quality of investor demand in the order book.

14. Where the unallocated portion of the gilt issuance programme is used to increase the size of syndicated offerings, the unallocated portion will be reduced accordingly. In any case where the DMO decides to raise, via a syndicated transaction, proceeds that fall below any assumed even-flow amount, the shortfall may be transferred from the syndication programme to increase the size of the unallocated portion (see also paragraph 4).

15. In order to maintain the operational viability of syndicated offerings at the end of each programme, the overall size of the syndication programmes (conventional, and/or index-linked) may be increased by up to 10% (in cash terms) at the time of the final syndicated offering of each type.

Gilt tenders

16. Gilt tenders may be used to assist with delivery of the financing remit. Gilt tenders may also be used for market management reasons.

17. The DMO will aim to announce the date, the choice of gilt to be sold and the maximum size of any gilt tenders at least two business days in advance. Gilt tenders may also be scheduled with shorter notice, as required, for market management reasons.

18. Gilt tenders may be used to issue any type and maturity of gilt² and may be scheduled ad hoc or as part of a programme.

19. The choice of gilt to be issued at any gilt tender will be determined on a case-by-case basis by the DMO, taking into account market feedback. Gilt tenders will be sized by the DMO on an operation-by-operation basis, but will generally be smaller than an auction of a gilt with comparable maturity.

² It is not currently expected that green gilts will be issued via gilt tenders.

Post Auction Option Facility (PAOF)

20. In 2023-24 the DMO will continue to offer successful auction bidders (both primary dealers and gilt investors) an option to purchase additional stock (currently 25%) via the PAOF³. Full details are set out in section 2.6 of the gilt market Operational Notice⁴.

21. Any amounts sold via the PAOF in 2023-24 will, other things being equal, reduce the implied average sizes of auctions but the DMO may choose to offset some or all of any such reduction by transfers from the unallocated portion of issuance. The DMO will typically announce the details of any such transfers in the quarterly issuance calendar announcements.

22. If exercised consistently, proceeds from the PAOF may allow for the cancellation of auctions later in the financial year. Any such cancellation(s) would be announced well in advance as part of issuance calendar announcements.

Treasury bill sales

Debt management

23. At Spring Statement 2022 it was anticipated that net Treasury bill sales would make a £23.2 billion net contribution towards meeting the NFR in 2022-23. After being adjusted three times over the remainder of 2022⁵, the planned stock of Treasury bills for debt management purposes at end-March 2023 is £70.0 billion, implying a £33.2 billion net contribution towards meeting the 2022-23 NFR.

24. The outturn amount that net Treasury bill issuance has contributed to debt financing in 2022-23 will be reported by the DMO in April 2023.

25. It is currently anticipated that net Treasury bill issuance for debt management purposes will make a net contribution of £5.0 billion towards meeting the NFR in 2023-24, implying a total stock of Treasury bills for debt management purposes at end-March 2024 of £75.0 billion. Any changes to this plan would be announced as part of any future revision to the 2023-24 remit. The outturn net contribution of Treasury bills to debt financing in 2023-24 will be reported by the DMO in April 2024.

Exchequer cash management

26. 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 financing purposes.

³ The PAOF will not be available at auctions of green gilts.

⁴ <https://www.dmo.gov.uk/media/5rkbjnuu/opnot310322.pdf>

⁵ The contribution of net Treasury bill sales towards meeting the 2022-23 NFR was increased to £30.2 billion on 26 April 2022, increased again to £40.2 billion on 23 September 2022, then reduced to £33.2 billion at the Autumn Statement on 17 November 2022.

Changes to the financing requirement

27. The Debt Management Report (DMR) 2023-24 includes the Office for Budget Responsibility's (OBR's) revised forecasts for the Central Government Net Cash Requirement (excluding NRAM Ltd (NRAM), Bradford & Bingley (B&B), and Network Rail (NR)) in 2022-23 and 2023-24 of £115.4 billion and £159.5 billion respectively. The new forecast for 2022-23 is £20.8 billion lower than the forecast published at the remit revision on 17 November 2022, whilst the forecast for 2023-24 is £28.6 billion lower.

28. The other changes impacting on the DMO's NFR in 2022-23 since the remit revision on 17 November 2022 are:

- a forecast £0.1 billion higher net contribution to financing from NS&I (taking their forecast net contribution to £6.1 billion); and
- a forecast £0.5 billion contribution from retail Green Savings Bonds issued by NS&I.

29. The projected level of the DMO's net cash balance at the Bank of England at 31 March 2023 is £23.6 billion, £21.3 billion higher than that projected at the November 2022 remit revision. This will be reduced to the planned level of £2.3 billion as shown by the financing adjustment of £21.3 billion carried forward from previous financial years in the financing arithmetic table below, and this will reduce the NFR in 2023-24 accordingly.

Supplementary Information

30. The initially planned split of gilt issuance by type, maturity and issuance method is published at Annex A.

31. The planned gilt auction calendar for 2023-24 is published at Annex B.

32. The financing arithmetic for 2022-23 and 2023-24 is published at Annex C.

33. Illustrative gross financing projections from 2024-25 to 2027-28 are published at Annex D.

Annex A. Initially planned split of gilt issuance by type, maturity and issuance method in 2023-24

	Auction	Syndication	Gilt tender	Unallocated	Total
Short conventional £ billion	86.7				86.7 36.0%
Medium conventional¹ £ billion	65.3				65.3 27.1%
Long conventional² £ billion	32.9	18.0			50.9 21.1%
Index-linked £ billion	17.2	9.0			26.2 10.9%
Unallocated £ billion				12.0	12.0 5.0%
Total £ billion	202.1	27.0	0.0	12.0	241.1
Total per cent	83.8%	11.2%	0.0%	5.0%	
<i>Figures may not sum due to rounding.</i>					
¹ Including green gilt sales.					
² Including green gilt sales.					

Annex B. Planned gilt auction calendar 2023-24

Date	Type	Date	Type
04 April 2023	Conventional	03 October 2023	Conventional
05 April 2023	Conventional	04 October 2023	Conventional
12 April 2023	Index-linked	10 October 2023	Index-linked
13 April 2023	Conventional	11 October 2023	Conventional
18 April 2023	Conventional	17 October 2023	Conventional
19 April 2023	Conventional	24 October 2023	Index-linked
03 May 2023	Conventional	25 October 2023	Conventional
10 May 2023	Conventional	01 November 2023	Conventional
17 May 2023	Conventional	07 November 2023	Conventional
23 May 2023	Index-linked	21 November 2023	Index-linked
24 May 2023	Conventional	28 November 2023	Conventional
06 June 2023	Conventional	29 November 2023	Conventional
07 June 2023	Conventional	05 December 2023	Index-linked
13 June 2023	Conventional	06 December 2023	Conventional
20 June 2023	Conventional	12 December 2023	Conventional
27 June 2023	Index-linked	04 January 2024	Conventional
28 June 2023	Conventional	09 January 2024	Conventional
04 July 2023	Conventional	10 January 2024	Conventional
05 July 2023	Conventional	16 January 2024	Conventional
12 July 2023	Conventional	23 January 2024	Conventional
18 July 2023	Conventional	24 January 2024	Conventional
19 July 2023	Conventional	06 February 2024	Conventional
25 July 2023	Conventional	07 February 2024	Conventional
01 August 2023	Conventional	13 February 2024	Index-linked
08 August 2023	Index-linked	14 February 2024	Conventional
09 August 2023	Conventional	20 February 2024	Conventional
15 August 2023	Conventional	21 February 2024	Conventional
22 August 2023	Index-linked	27 February 2024	Index-linked
06 September 2023	Conventional	28 February 2024	Conventional
12 September 2023	Index-linked	06 March 2024	Conventional
13 September 2023	Conventional	12 March 2024	Index-linked
19 September 2023	Conventional	13 March 2024	Conventional
26 September 2023	Conventional	19 March 2024	Conventional

Annex C. Financing arithmetic 2022-23 and 2023-24

£ billion	2022-23	2023-24
CGNCR (ex NRAM, B&B, and NR) ¹	115.4	159.5
Gilt redemptions	107.1	117.0
Financing adjustment carried forward from previous financial years ²	-33.1	-21.3
Gross Financing Requirement	189.4	255.1
Less:		
NS&I net financing	6.1	7.5
NS&I Green Savings Bonds	0.5	-
Other financing ³	1.4	1.5
Net Financing Requirement (NFR) for the DMO	181.4	246.1
DMO's NFR will be financed through:		
Gilt sales, through sales of:		
- Short conventional gilts	66.5	86.7
- Medium conventional gilts (including green gilts) ⁴	44.6	65.3
- Long conventional gilts (including green gilts) ⁵	40.8	50.9
- Index-linked gilts	17.5	26.2
- Unallocated amount of gilts	0.0	12.0
Total gilt sales for debt financing	169.5	241.1
Total net contribution of Treasury bills for debt financing	33.2	5.0
Total financing	202.7	246.1
DMO net cash position	23.6	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 -£21.3 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.		
⁴ Including green gilt sales of £6.4 billion in 2022-23 and planned green gilt sales in 2023-24.		
⁵ Including green gilt sales of £3.5 billion in 2022-23 and planned green gilt sales in 2023-24.		

Annex D: Illustrative gross financing projections to 2027-28

£ billion	2024-25	2025-26	2026-27	2027-28
CGNCR (ex NRAM, B&B, and NR)	130.9	102.6	84.4	89.4
Gilt redemptions	139.9	136.6	92.5	109.1
Illustrative gross financing requirement (IGFR)	270.8	239.2	176.9	198.5
<i>Figures may not sum due to rounding.</i>				

The table above shows annual illustrative gross financing projections from 2024-25 to 2027-28 using the OBR's updated projections of the CGNCR (ex NRAM, B&B, and NR), together with the latest estimate of gilt redemptions in these years. These are not forecasts of future gilt sales. Rather, they are a broad indication of future gilt sales on the assumption that Treasury bills and NS&I both make zero net contributions to financing.