CGNCR OUTTURN 2007-08: REVISION TO THE DMO'S FINANCING REMIT 2008-09

There is no change to planned gilt sales in 2008-09 following the publication of the outturn Central Government Net Cash Requirement (CGNCR) for 2007-08. Planned gilt sales remain at £80.0 billion. Treasury bill sales in 2008-09 are, however, being reduced by £6.7 billion compared to plans published at Budget 2008.

The net financing requirement for 2008-09 has fallen by £6.7 billion compared to the forecast published at Budget 2008 as a result of:

- The 2007-08 CGNCR outturn published today of £32.6 billion; a reduction of £5.1 billion compared to the forecast at Budget 2008.

- A contribution of £2.0 billion to financing in 2007-08 from Treasury bill sales – an increase of £1.4 billion since the forecast at Budget 2008. The increase reflects sales of Treasury bills on a bilateral basis and, as a result of these sales, the stock of Treasury bills in market hands at end-March 2008 was £17.6 billion, compared to £16.2 billion forecast at Budget 2008.

- A net contribution of £5.8 billion to financing by NS&I; an increase of £0.2 billion since Budget 2008.

The lower net financing requirement in 2008-09 is being accommodated by a reduction in planned Treasury bill sales of £6.7 billion compared to the plans announced at Budget 2008. The stock of Treasury bills is now planned to fall by £0.9 billion in 2008-09 (compared to a planned stock-build of £5.8 billion at Budget 2008) taking the planned stock in market hands at end-March 2009 to £16.7 billion.

The revised financing arithmetic is published below.

Revised financing arithmetic 2007-08 and 2008-09

(£bn)	2007-08	2008-09
CGNCR	32.6	59.3
Gilt redemptions[1]	29.2	17.3
Financing for reserves	0.0	2.0
Buy-backs	0.1	0.0
Planned short-term financing adjustment[2]	-4.1	-2.5
Financing requirement	**57.8**	**76.1**
Less		
NS&I	5.8	4.0
Net financing requirement	**52.0**	**72.1**
Financed by		
1. Debt issuance by the DMO		
a) Treasury bills	**2.0**	**-0.9**
b) Gilt sales	**58.5**	**80.0**
Split:		
Short-dated conventionals	10.1	25.0
Medium-dated conventionals	10.0	12.8
Long-dated conventionals	23.4	24.2
Index-linked gilts	15.0	18.0
2. Other planned change in short term debt[3]		
Ways and Means	-6.0	-7.0
3.Change in short term cash position[4]	2.5	0.0
Total financing	**54.5**	**72.1**
Short-term debt levels at end of financial year		
T bill stock (in market hands)	17.6	16.7
Ways and Means	7.4	0.4
DMO net cash position	3.0	0.5

1 5½% 2008-12 is assumed to redeem in September 2008.

2. To accommodate changes to the current year's financing requirement resulting from (i) publication of the previous year's outturn CGNCR and/or (ii) carry over of unanticipated changes to the cash position from the previous year.

3. Total planned changes to short-term debt are the sum of: (i) the planned short-term financing adjustment, (ii) Treasury bill sales and (iii) changes to the level of the Ways and Means advance.

4. A negative (positive) number indicates an increase in (reduction of) the financing requirement for the following financial year.