

## **DMO FINANCING REMIT 2024-25**

1. The DMO's financing remit for 2024-25 has been published today alongside Spring Budget 2024. The main points, including operational aspects, are summarised below.

### **DMO's Net Financing Requirement**

2. The Net Financing Requirement (NFR) for the DMO in 2024-25 is forecast to be £265.3 billion; this will be financed by gilt sales of £265.3 billion (including planned green gilt sales of £10.0 billion).

### **Gilt sales**

3. The planned gross gilt sales of £265.3 billion will be met through a combination of:

a. £224.3 billion of issuance (84.5% of total sales) in 73 auctions, with a planned split as follows<sup>1</sup>:

○ Short conventional	£95.3 billion in 22 auctions
○ Medium conventional (including green)	£73.6 billion in 20 auctions
○ Long conventional (including green)	£35.5 billion in 16 auctions
○ Index-linked	£19.9 billion in 15 auctions

b. A current plan for approximately £31.0 billion (11.7% of total sales) in seven syndicated transactions to be raised via:

- approximately £22.0 billion of conventional gilts in four transactions; and
- approximately £9.0 billion of index-linked gilts in three transactions.

c. £10.0 billion (3.8% of total sales) from an initially unallocated portion of issuance, which can be used to issue any type or maturity of conventional (excluding green) gilts and index-linked gilts 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 2024-25, 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 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 2024.

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<sup>1</sup> Figures may not sum due to rounding.

- 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 2024-25, subject to demand and market conditions. The expectation is that the focus in 2024-25 will continue to be on further re-openings of the two existing green gilts. This approach will be kept under review taking into account market conditions.

### **The gilt auction programme**

8. The planned gilt auction calendar in 2024-25 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 gilt auction calendar as published alongside Spring Budget 2024, 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(s). 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 gilt auction calendar for the forthcoming quarter would be set out as part of the DMO's 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 2024-25. 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 (a) syndicated offering(s), 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. If the DMO decides to make a transfer between the unallocated portion of gilt issuance and the syndication programme, it will publish any such transfer(s) in the subsequent quarterly gilt issuance calendar announcements in-year. However, if any such decisions to make transfers are taken in the final quarter of the financial year, they will be included as part of the relevant announcement by the DMO of the specific syndication result.

16. 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) of the total size of the respective planned syndication programme at the time of the final syndicated offering of each type.

## **Gilt tenders**

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

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

19. Gilt tenders may be used to issue any type and maturity of gilt<sup>2</sup> and may be scheduled ad hoc or as part of a programme.

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

20. 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.

### **Post Auction Option Facility (PAOF)**

21. In 2024-25 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 PAOF<sup>3</sup>. Full details are set out in section 2.6 of the gilt market Operational Notice<sup>4</sup>.

22. Any amounts sold via the PAOF in 2024-25 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 to the auction programme. The DMO will typically announce the details of any such transfers in the quarterly issuance calendar announcements.

23. 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 quarterly issuance calendar announcements.

### **Treasury bill sales**

- **Debt management**

24. At Autumn Statement 2023 it was anticipated that Treasury bill sales would make a negative net contribution of £5.0 billion towards meeting the NFR in 2023-24.

25. The outturn amount that net issuance of Treasury bills has contributed to debt financing in 2023-24 will be reported by the DMO in April 2024.

26. It is currently anticipated that Treasury bill sales for debt management purposes will make a zero net contribution towards meeting the NFR in 2024-25. Any changes to this plan would be announced as part of any future revision to the 2024-25 financing remit. The outturn net contribution of Treasury bills to debt financing in 2024-25 will be reported by the DMO in April 2025.

- **Exchequer cash management**

27. 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.

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<sup>3</sup> The PAOF will not be available at auctions of green gilts.

<sup>4</sup> <https://www.dmo.gov.uk/media/afae3oen/opnot120623.pdf>.

## Changes to the financing requirement

28. The Debt Management Report (DMR) 2024-25 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)) (CGNCR (ex NRAM, B&B, and NR)) in 2023-24 and 2024-25 of £149.0 billion and £142.8 billion respectively. The new forecast for 2023-24 is £1.5 billion lower than the forecast published at the remit revision on 22 November 2023. The forecast for the CGNCR (ex NRAM, B&B, and NR) in 2024-25 is £5.8 billion higher than projected at the remit revision on 22 November 2023.

29. The other changes impacting the DMO's NFR in 2023-24 since the remit revision on 22 November 2023 are:

- a forecast £3.4 billion higher net contribution to financing from NS&I (taking its forecast net contribution to £10.9 billion); and
- a forecast £1.0 billion contribution from retail Green Savings Bonds issued by NS&I.

30. The projected level of the DMO's net cash position at the Bank of England at 31 March 2024 is £8.2 billion, £5.9 billion higher than projected at the November 2023 remit revision. This will be reduced to the planned level of £2.3 billion as shown by the financing adjustment of minus £5.9 billion carried forward into 2024-25 from the previous financial year, reducing the NFR in 2024-25 accordingly.

## Supplementary Information

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

32. The planned gilt auction calendar for 2024-25 is published at Annex B.

33. The financing arithmetic for 2023-24 and 2024-25 is published at Annex C.

34. Illustrative gross financing projections from 2025-26 to 2028-29 are published at Annex D.

35. An explanation of the calculation of the final cash flows at the redemption of 2½% Index-linked Treasury Stock 2024 is published at Annex E.

**6 March 2024**

## Annex A. Initially planned split of gilt issuance by type, maturity and issuance method in 2024-25

	Auction	Syndication	Gilt tender	Unallocated	Total
<b>Short conventional</b> £ billion	95.3				<b>95.3</b> 35.9%
<b>Medium conventional<sup>1</sup></b> £ billion	73.6	8.5			<b>82.1</b> 30.9%
<b>Long conventional<sup>2</sup></b> £ billion	35.5	13.5			<b>49.0</b> 18.5%
<b>Index-linked</b> £ billion	19.9	9.0			<b>28.9</b> 10.9%
<b>Unallocated</b> £ billion				10.0	<b>10.0</b> 3.8%
<b>Total £ billion</b>	<b>224.3</b>	<b>31.0</b>	<b>0.0</b>	<b>10.0</b>	<b>265.3</b>
<b>Total per cent</b>	<b>84.5%</b>	<b>11.7%</b>	<b>0.0%</b>	<b>3.8%</b>	
<i>Figures may not sum due to rounding.</i>					
<sup>1</sup> Including green gilt sales.					
<sup>2</sup> Including green gilt sales.					

## Annex B. Planned gilt auction calendar 2024-25

Date	Type	Date	Type
04-Apr-24	Conventional	01-Oct-24	Conventional
09-Apr-24	Conventional	02-Oct-24	Conventional
10-Apr-24	Conventional	08-Oct-24	Index-linked
16-Apr-24	Index-linked	09-Oct-24	Conventional
17-Apr-24	Conventional	15-Oct-24	Conventional
30-Apr-24	Conventional	16-Oct-24	Conventional
01-May-24	Conventional	22-Oct-24	Index-linked
08-May-24	Conventional	23-Oct-24	Conventional
14-May-24	Index-linked	29-Oct-24	Conventional
15-May-24	Conventional	30-Oct-24	Conventional
21-May-24	Conventional	05-Nov-24	Conventional
22-May-24	Conventional	12-Nov-24	Conventional
29-May-24	Index-linked	13-Nov-24	Conventional
04-Jun-24	Conventional	19-Nov-24	Conventional
05-Jun-24	Conventional	03-Dec-24	Conventional
12-Jun-24	Index-linked	04-Dec-24	Conventional
18-Jun-24	Conventional	10-Dec-24	Index-linked
25-Jun-24	Index-linked	11-Dec-24	Conventional
26-Jun-24	Conventional	17-Dec-24	Conventional
02-Jul-24	Conventional	07-Jan-25	Conventional
03-Jul-24	Conventional	08-Jan-25	Conventional
11-Jul-24	Conventional	14-Jan-25	Index-linked
16-Jul-24	Conventional	15-Jan-25	Conventional
23-Jul-24	Index-linked	23-Jan-25	Conventional
24-Jul-24	Conventional	28-Jan-25	Index-linked
30-Jul-24	Conventional	29-Jan-25	Conventional
06-Aug-24	Conventional	04-Feb-25	Conventional
07-Aug-24	Conventional	11-Feb-25	Index-linked
13-Aug-24	Conventional	12-Feb-25	Conventional
21-Aug-24	Conventional	18-Feb-25	Conventional
03-Sep-24	Conventional	19-Feb-25	Conventional
10-Sep-24	Index-linked	27-Feb-25	Conventional
11-Sep-24	Conventional	04-Mar-25	Conventional
17-Sep-24	Conventional	05-Mar-25	Conventional
24-Sep-24	Index-linked	11-Mar-25	Conventional
25-Sep-24	Conventional	19-Mar-25	Conventional
		25-Mar-25	Index-linked

## Annex C. Financing arithmetic 2023-24 and 2024-25

(£ billions)	2023-24	2024-25
CGNCR (ex NRAM, B&B, and NR) <sup>1</sup>	149.0	142.8
Gilt redemptions	117.0	139.9
Financing adjustment carried forward from previous financial years <sup>2</sup>	-24.6	-5.9
<b>Gross Financing Requirement</b>	<b>241.3</b>	<b>276.8</b>
Less:		
NS&I net financing <sup>3</sup>	10.9	9.0
NS&I Green Savings Bonds <sup>3</sup>	1.0	0.5
Other financing <sup>4</sup>	3.0	2.0
<b>Net Financing Requirement (NFR) for the DMO</b>	<b>226.4</b>	<b>265.3</b>
DMO's NFR will be financed through:		
<b>Gilt sales, through sales of:</b>		
- Short conventional gilts	86.6	95.3
- Medium conventional gilts (including green gilts) <sup>5</sup>	68.3	82.1
- Long conventional gilts (including green gilts) <sup>6</sup>	53.0	49.0
- Index-linked gilts	28.6	28.9
- Unallocated amount of gilts	0.8	10.0
<b>Total gilt sales for debt financing</b>	<b>237.3</b>	<b>265.3</b>
<b>Total net contribution of Treasury bills for debt financing</b>	<b>-5.0</b>	<b>0.0</b>
<b>Total financing</b>	<b>232.3</b>	<b>265.3</b>
DMO net cash position	8.2	2.3
<i>Figures may not sum due to rounding.</i>		
<sup>1</sup> Central Government Net Cash Requirement (excluding NRAM Ltd, Bradford & Bingley, and Network Rail).		
<sup>2</sup> The -£24.6 billion financing adjustment in 2023-24 carried forward from previous years reflects the 2022-23 outturn for the CGNCR (ex NRAM, B&B, and NR), as first published on 25 April 2023. The -£5.9 billion adjustment in 2024-25 is the amount required to reduce the estimated DMO cash position at end-March 2025 to £2.3 billion.		
<sup>3</sup> 2023-24 NS&I net financing and retail Green Savings Bonds are forecasts based on current performance but are subject to change throughout the remainder of the financial year. Outturn will be confirmed in NS&I's 2023-24 Annual Report and Accounts to be published in the summer. 2024-25 retail Green Savings Bonds is a forecast and is subject to change.		
<sup>4</sup> This financing item is typically comprised of estimated income from coinage and unhedged reserves.		
<sup>5</sup> Including green gilt sales of £6.6 billion in 2023-24 and planned green gilt sales in 2024-25.		
<sup>6</sup> Including green gilt sales of £3.4 billion in 2023-24 and planned green gilt sales in 2024-25.		



## Annex D: Illustrative gross financing projections to 2028-29

£ billion	2025-26	2026-27	2027-28	2028-29
CGNCR (ex NRAM, B&B and NR)	112.8	97.3	103.1	96.4
Gilt redemptions	163.3	117.6	109.1	143.6
<b>Illustrative gross financing requirement (IGFR)</b>	<b>276.1</b>	<b>214.9</b>	<b>212.2</b>	<b>240.0</b>
<i>Figures may not sum due to rounding.</i>				

The table above shows annual illustrative gross financing projections from 2025-26 to 2028-29 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<sup>5</sup>. 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.

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<sup>5</sup> The redemption totals include gilt auction sizes announced up to end February 2024. To the extent that issuance takes place in future of gilts that redeem in any of the financial years covered in Annex D, the redemption totals for the relevant financial years will increase accordingly. In financial years in which index-linked gilt redemptions take place, the nominal amount in issue (excluding any government holdings) will form part of the redemption total, whereas the inflation uplift will be split between the redemption total and the CGNCR (ex NRAM, B&B and NR). See Annex E.

## **Annex E: Index-linked uplift and the redemption of 2½% Index-linked Treasury Stock 2024**

There are five gilts redeeming in 2024-25: four conventional and one index-linked (2½% Index-linked Treasury Stock 2024, maturing on 17 July 2024).

For index-linked gilts, the amount which is payable to investors upon redemption is not the same as the amount included in the gilt redemptions figure in the financing arithmetic table at Annex C above. This is because the rules governing the CGNCR (ex NRAM, B&B, and NR) state that for each tranche of issuance, any inflation uplift that is accrued after the issuance date should be included in the CGNCR (ex NRAM, B&B, and NR) in the redemption year, and the remainder should be included in the redemption total for that year.

Hence, in accordance with these rules, the gilt redemptions figure of £139.9 billion included in the financing arithmetic for 2024-25 does not include the full value of the index-linked uplift on 2½% Index-linked Treasury Stock 2024.

Since all cash flows on 2½% Index-linked Treasury Stock 2024 are now known, it is possible to calculate the breakdown between those cash flows that count towards redemptions and those that count towards the CGNCR (ex NRAM, B&B, and NR) forecast for 2024-25. The nominal amount of this index-linked gilt in issue is £6.821 billion, and the total uplifted amount by the time of redemption will be £26.351 billion, so the total uplift is the difference between these two numbers (£19.530 billion)<sup>6</sup>.

If there were no Government holdings of this gilt then £3.904 billion<sup>7</sup> of the £19.530 billion total uplift would be included in the gilt redemptions figure and the remaining £15.625 billion would be included in the CGNCR (ex NRAM, B&B, and NR) forecast for 2024-25, reflecting the above rule. Hence, in this case, the total redemption amount relating to this gilt would be £10.726 billion (£6.821 billion nominal outstanding + £3.904 billion of the inflation uplift).

However, there are some Government holdings of this gilt, which impact the numbers. The nominal value of Government holdings was £0.738 billion at end-January 2024 and the corresponding inflation uplift was £2.112 billion at end-January 2024. Neither of these values is included in the 2024-25 redemption total nor the CGNCR (ex NRAM, B&B, and NR) forecast. The effect is to reduce the nominal redemption amount of this gilt (to £6.084 billion), the portion of the uplift that counts towards redemptions (to £3.482 billion) and the amount of uplift included in the CGNCR (ex NRAM, B&B, and NR) (to £13.935 billion)<sup>8</sup>.

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<sup>6</sup> Figures in this Annex may not sum due to rounding.

<sup>7</sup>This number is the sum of each of the amounts of accrued inflation uplift applicable to each individual tranche at the time it was issued.

<sup>8</sup>These amounts may need to be adjusted subsequently if the amount of Government holdings at end-March 2024 is different to the amount at end-January 2024. The publication of the 2023-24 CGNCR (ex NRAM, B&B, and NR) outturn in April 2024 will provide an opportunity for any such adjustment.