

different from those required to meet relevant financing targets;⁵ the sale of Treasury bills, including the DMO’s operational flexibility to vary the end-year stock, as well as the bilateral sale of Treasury bills that mature in the next financial year; and the implementation of the syndication programme at year-end.⁶

2.13 The difference will be reflected in an increase/decrease in the DMO’s cash balance at the end of the financial year. To meet the full funding rule year by year, the Government aims to return the DMO’s net cash balance to its original level by adjusting the projected net financing requirement in the following financial year.

Medium-term projections for annual financing requirements

2.14 The Government publishes projections for the financing requirement in each year of the fiscal policy forecast period, consistent with the path for fiscal consolidation. The financing requirement includes the projected path for borrowing, the gilt redemption profile and financing for the Official Reserves. Table 2.A sets out the financing requirement projections from 2014-15 to 2017-18. The projected financing requirements are a broad indication of future gilt sales on the neutral assumption that the Treasury bill stock is unchanged and NS&I makes a zero net contribution to financing.

Table 2.A: Financing requirement projections, 2014-15 to 2017-18

	2014-15	2015-16	2016-17	2017-18
£ billion				
CGNCR	113	100	83	61
Adjustment for Northern Rock (Asset Management) (NRAM) and Bradford & Bingley plc (B&B) ¹	-3	-2	-1	-3
Redemptions	62	68	69	79
Financing for the Official Reserves	6	0	0	0
Financing requirement	178	166	150	138

¹ See explanation in paragraph 3.3.
Source: OBR, HM Treasury and DMO

2.15 Debt management considerations during the period of fiscal consolidation are set out in Box 2.B.

⁵ To meet the financing requirement, which is determined in cash terms, the DMO sizes auctions in nominal terms and takes into account prevailing market prices. Movements in market prices between the announcement of auction sizes and gilt auctions taking place mean that it is not possible to meet these targets precisely. In addition, in sizing auctions in the period following the Autumn Statement (AS), the Government makes an assumption about proceeds that will be raised via the PAOF in the period following the AS – proceeds raised may deviate from this assumption. See the DMO operational note, *Applying Proceeds from the Post Auction Option Facility to Auction Sizing*. http://www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/opnot311011.pdf&page=operational_rules/Document

⁶ Outlined further in Annex B.