



United Kingdom
Debt Management
Office

Business Plan 2022-23

May 2022

1. Introduction

1. The UK Debt Management Office's (DMO's) main aim continues to be to carry out the Government's debt management policy of minimising its financing cost over the long-term taking account of risk, and to minimise the cost of offsetting the Government's net cash flows over time, while operating within a risk appetite approved by Ministers. The DMO's objectives are consistent with and support HM Treasury's objectives.

2. Key themes for 2022-23

2. The key business planning themes for 2022-23 remain consistent with previous years. The plan is primarily focused on the continued delivery of the DMO's debt management, cash management, local authority lending and other functions to the highest standards of quality and cost-effectiveness. We fully recognise that the effective delivery of these functions and services is our overriding objective and intend to allocate our resources, skills, systems and development activities accordingly.
3. The DMO's business plan therefore includes the following key themes for 2022-23:
 - Delivery of the 2022-23 financing remit – to be achieved primarily through sales of conventional and index-linked gilts.¹
 - The DMO will continue to work with HM Treasury in the development of, and innovations associated with, debt management policy. For example, the DMO and HMT will be undertaking a programme of work to explore applying Distributed Ledger Technology (DLT) to the debt issuance process.
 - Delivery of the government's planned green gilt issuance programme. The DMO plans to issue £10 billion (cash) of green gilts in 2022-23, subject to demand and market conditions, with the current expectation that green gilts will be issued across both medium and long maturities.
 - Delivery of the cash management remit – which will require handling the cash consequences of, among other things, the gilt and Treasury bill programme in as an efficient and cost-effective way as possible.
 - Continuing to consult and liaise with key stakeholders – and in particular the Gilt-edged Market Makers - in the financial markets in which the DMO has a key interest; and to consider further developments, innovations and enhancements to facilitate the effective delivery of the debt and cash management remits.
 - Continuing to maintain close contact with the Bank of England on operational matters relating to the Asset Purchase Facility and also conditions and developments relating to the sterling markets more generally.

¹ See: <https://www.dmo.gov.uk/media/17939/sa230322.pdf>
<https://dmo.gov.uk/media/17938/drmr2223.pdf>

- Continuing to minimise operational risk by ensuring the DMO’s business operations are fully supported by resilient, efficient and secure systems and processes and a comprehensive business continuity plan.
- Continuing to seek out operational process efficiencies with the intention of further reducing cost and risk.
- Continuing to monitor the resource and skills required to deliver the DMO’s array of objectives within the budget settlement agreed with HM Treasury.

3. Review of 2021-22

4. The DMO has delivered all of its 2021-22 key objectives.² In particular:

- The gilt remit for 2021-22 was delivered with total gilt sales amounting to £194.7 billion (cash) raised through 64 auctions, and 7 syndications (no gilt tenders were held in the financial year). The average publication time for gilt auctions was 2.9 minutes (3.1 minutes in 2020-21) and for Treasury bill tenders was 5 minutes (5.5 minutes in 2020-21) The cash management remit for 2021-22 was also delivered in full.
- The government launched the UK’s Green Financing Programme in 2021-22, with the publication of the Green Financing Framework in June 2021. Under this Programme, the government raised £16.4 billion last year, comprising £16.1 billion through green gilt issuance and £0.3 billion raised through sales of retail Green Savings Bonds by NS&I. In September 2021 the DMO issued a green gilt maturing in 2033, raising £10 billion, which is the largest inaugural green bond issue by any country to-date. The DMO followed-up with a second green gilt issue in October 2021, which matures in 2053 (the longest outstanding sovereign green bond to-date) raising a further £6.1 billion.
- Lending to local authorities via the PWLB lending facility amounted to £8.3 billion (with an additional £117 million of new loans novated to the UK Infrastructure Bank) in 2021-22 with the total loan book as at end-March 2022 standing at £9.7 billion of principal outstanding.
- The DMO continued to manage the assets of certain public funds via the Commissioners for the Reduction of the National Debt (“CRND”) function. Assets under management as at end-March 2022 stood at approximately £66 billion.
- The DMO continued to manage the gilt registration contract with Computershare Investor Services PLC on behalf of HM Treasury.

4. Corporate governance

5. The DMO is an executive agency of HM Treasury. As such, the DMO is legally and constitutionally part of HM Treasury. The nature of its status, together with other details

² Further information on the DMO’s delivery of its 2021-22 objectives will be published in its Annual Report and Accounts later in the year.

relating to its responsibilities and remit as an executive agency, are contained in its Framework Document.³

³ The Framework Document can be found at: <https://www.dmo.gov.uk/media/14536/fwork040405.pdf>

4.1 Chief Executive

6. The DMO's Chief Executive is Accounting Officer for the agency and for the Debt Management Account ("DMA"). He reports to the Chancellor of the Exchequer and is accountable to Parliament in discharging his responsibilities.

4.2 DMO Board

7. As part of HM Treasury's Tailored Review⁴ of the DMO in 2021, a recommendation was made to replace the existing Managing Board with a new Advisory Board as the new senior governance committee. The Advisory Board will be led by a Non-Executive Chair.
8. On 4 May 2022, following a fair and open recruitment campaign led by HM Treasury, Dame Sue Owen was appointed as the DMO's inaugural Non-Executive Chair of the Advisory Board⁵.
9. The DMO has a senior executive team that comprises the Chief Executive, Sir Robert Stheeman; Jo Whelan, Deputy Chief Executive and Co-Head of Policy & Markets; Jim Juffs, Chief Operating Officer; and Jessica Pulay, Co-Head of Policy & Markets. Together with a representative from HM Treasury, Tom Josephs, Director of Fiscal Group, and non-executives Paul Fisher, and Paul Richards, they comprise the DMO's Advisory Board. A sub-committee comprising the senior executive team usually meets weekly.

4.3 DMO Audit Committee

10. The DMO Audit Committee comprises the following independent members: Paul Fisher (the Committee's chair), Paul Richards and Rodney Norman. Malcolm Copeman – the Head of the Internal Audit function – is Secretary to the Committee.
11. Those who are eligible to attend DMO Audit Committee meetings, as necessary, include Sir Robert Stheeman, Jo Whelan, Jim Juffs, Jessica Pulay, representatives from the DMO's teams, representatives from the Government Internal Audit Agency, and the National Audit Office.

4.5 Staffing complement

12. In 2021-22, the DMO had an average complement of around 129 full time equivalent members of staff (including short-term contract staff).

4.6 Values

13. The DMO seeks to conduct itself and deliver its objectives using the highest possible standards. Its values are as follows:
 - To promote and achieve professional excellence.
 - To be communicative, consultative and collaborative.

⁴ The Tailored Review of the DMO published in June 2021 indicated that the DMO Framework Document should, in due course, be updated:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/993988/20210513_DMO_Tailored_Review_Summary_FINAL_.pdf

⁵ <https://www.gov.uk/government/news/dame-sue-owen-appointed-as-non-executive-chair-of-the-united-kingdom-debt-management-offices-advisory-board>

- To be innovative, flexible and responsive.
- To add value.
- To be delivery focused.
- To be scrupulously fair.
- To be an excellent place to work.

4.7 Functional Standards

14. Like all Government Departments and Arm's Length Bodies the DMO has a plan in place to comply with the Functional Standards⁶ issued during 2021. The focus for 2022-23 will be to complete this plan and embed therein.

5. Vision, objectives and responsibilities

15. The DMO's vision statement, agency objectives and responsibilities are as set out below.

5.1 Vision

16. The DMO aims to be a centre of excellence for HM Treasury in the provision of policy advice on, and the delivery of, the Government's financing needs, acting as a key gateway for Government to the wholesale financial markets. It performs these functions primarily to support HM Treasury's objectives.

5.2 Agency objectives

1. To develop, provide advice on and implement the Government's debt management strategy.

⁶ <https://www.gov.uk/government/publications/guide-to-functional-standards/guide-to-functional-standards>

2. To develop, provide advice on and implement the Government's cash management requirements.
3. To provide advice and operational services to HM Treasury on issues relating to the management of the Government's balance sheet.
4. To provide advice and operational services to government departments on wholesale markets-related issues and activities.
5. To develop and deliver its fund management responsibilities and, in particular, to provide a cost-effective service for stakeholders.
6. To provide a cost-effective lending service to local authorities through the PWLB lending facility.
7. To resource, staff and manage the DMO efficiently and cost-effectively to ensure key responsibilities are achieved.
8. To manage, operate and develop an appropriate risk and control framework.

5.3 Planning Uncertainties

17. In view of the size and scale of the debt and cash management remits, and evolving market conditions, the DMO will particularly need to retain the flexibility and capability to prioritise and to adapt quickly to changing conditions in the year ahead.

6. Operational targets 2022-23

1. To ensure full compliance with HM Government's remit for the DMO (which is set out in the Debt Management Report 2022-23).
2. To publish the results of gilt auctions, gilt tenders and Treasury bill tenders within 15 minutes of the close of offer - with the aim of publishing within 10 minutes - whilst achieving complete accuracy.
3. To achieve accuracy, within relevant materiality tolerances, in the recording and reporting of transactions relating to the DMO, DMA, PWLB and CRND as well as meeting the required deadlines for the publication and submission for audit of their respective annual report and accounts.

4. To ensure that the DMO responds to enquiries under the Freedom of Information Act within the statutory timeframe and is compliant with all General Data Protection Regulation (GDPR) requirements.
5. To ensure that gilt and cash management activities are operated in accordance with their respective operational market notices.
6. To ensure that, for cash management purposes, target weekly balances and expected daily variations are notified according to the agreed schedule.
7. To ensure that settlement instructions to counterparties, agents and external systems are complete, accurate and timely, and that monitoring of the progress of transactions through settlement is effective, so that, where the DMO is responsible for delivering stock or cash, it settles at least 99% (by value) on the due date.
8. To ensure all market sensitive announcements are timely and materially accurate.
9. To process all loan and early settlement applications from local authorities within two working days (between the date of the agreement and the completion of the transaction).
10. To ensure that the gilts purchase and sales service is operated according to its published terms and conditions.