



United Kingdom
Debt Management
Office

Business Plan 2020-21

May 2020

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 2020-21

2. The key business planning themes for 2020-21 remain consistent with previous years. The plan is primarily focused on the continued delivery of the DMO's debt management, cash management, fund 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 2020-21:

- Delivery of the 2020-21 financing remit – to be achieved primarily through sales of conventional and index-linked gilts.¹
- The DMO will continue to support HM Treasury in the development of and innovations associated with debt management policy.
- 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.
- 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.

¹ See:

<https://www.dmo.gov.uk/media/16478/sa230420.pdf>
<https://www.dmo.gov.uk/media/16338/sa110320a.pdf>
<https://www.dmo.gov.uk/media/16337/dmr2021.pdf>

3. Review of 2019-20

4. The DMO has delivered all of its 2019-20 key objectives.² In particular:
- The gilt remit for 2019-20 was delivered with total gilt sales amounting to £137.6 billion (cash) raised through 43 auctions, 5 syndications and 4 gilt tenders. The average publication time for gilt auctions was 4.0 minutes (3.8 minutes in 2018-19) and for Treasury bill tenders was 4.9 minutes (4.7 minutes in 2018-19). The cash management remit for 2019-20 was also delivered in full.
 - Lending to local authorities via the Public Works Loan Board (“PWLB”) amounted to £10.4 billion gross of new loans in 2019-20 with the total loan book as at end-March 2020 standing at £ 85.7 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 2020 stood at approximately £43.8 billion.
 - The DMO continued to manage the gilt registration contract with Computershare Investor Services PLC on behalf of HM Treasury.
 - The DMO supported HM Treasury in implementing the proposed changes to the governance framework for the Public Works Loan Board which transferred the function and power to issue loans to HM Treasury. The day to day operation of PWLB loans will continue to be managed by the DMO.
 - The DMO enhanced its core trading and transaction processing systems by implementing a new financial trading system, Quantum, supplied by FIS Avantgard LLC following a public procurement process.
 - In order to ensure the DMO’s business operations are fully supported by resilient, efficient and secure systems and following a public procurement process, the DMO upgraded its data storage and systems resilience hardware and software.

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

² Further information on the DMO’s delivery of its 2019-20 objectives will be published in its Annual Report and Accounts later in the year.

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 Managing Board

7. The DMO has a senior management 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 Policy, at the time of publishing), and non-executives Paul Fisher, and Paul Richards, they comprise the DMO's Managing Board. A sub-committee of the Managing Board usually meets weekly.

4.3 DMO Audit Committee

8. 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.

9. Those who are eligible to attend DMO audit committee meetings, as necessary, include Sir Robert Stheeman, Jo Whelan, Jessica Pulay, Jim Juffs, representatives from the DMO's teams, representatives from the Government Internal Audit Agency, and the National Audit Office.

4.4 Staffing complement

10. In 2019-20, the DMO had an average complement of around 112 full time equivalent members of staff (including short-term contract staff).

4.5 Values

11. 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.
- To be innovative, flexible and responsive.
- To add value.
- To be delivery focused.
- To be scrupulously fair.
- To be an excellent place to work.

5. Vision, objectives and responsibilities

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

5.1 Vision

13. 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.
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

14. In view of the size and scale of the debt and cash management remits, evolving market conditions and the necessity for COVID-19 related adaptations to working practices, 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 2020-21

1. To ensure full compliance with HM Government's remit for the DMO (which is set out in the Debt Management Report 2020-21).
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 that all published data is materially accurate and that all market sensitive announcements are made in a timely manner.
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.