

The net debt of the public sector: end-March 1991

This article continues the series begun in the March 1986 Bulletin (page 74) and last updated in the November 1990 Bulletin (page 519). From the November 1988 Bulletin it has been combined with the long-standing series of articles on the national debt and its distribution. It has been compiled with the help of the Central Statistical Office and others.

The main points are:

- The net debt of the public sector and market holdings of the national debt (see appendix for explanation of terms) both rose in 1990/91, by around £4 billion and £3 billion respectively. The consolidated debt of the public sector also rose by £4 billion.
- On all these measures, there was a slight decrease in relation to GDP.
- The proportion of national debt in market hands which was in index-linked form continued to rise.

The net debt of the public sector

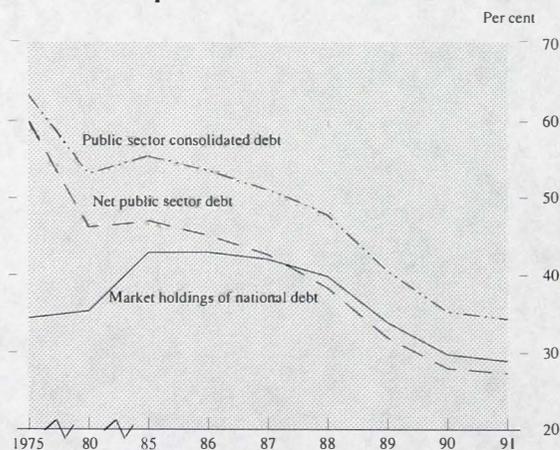
It is provisionally estimated that at the end of March 1991 the net debt of the public sector⁽¹⁾ amounted to £154.5 billion (Table A)—£4.1 billion (2.7%) more than at the end of March 1990. This increase, the first since 1986/87, occurred despite a small 'negative' public sector borrowing requirement, or public sector debt repayment (Table C—the principal reasons why the figures for changes in net debt are not the same as those for the borrowing requirement are noted in the box on page 541). As can be seen from Tables A and D, the main elements were the issue of the Ecu bond, increased balances with national savings, the rise in Treasury bills and the increase in local authorities'

total debt. As a proportion of gross domestic product⁽²⁾ the net debt fell to 27.3% (Chart 1), well below the ratio of 47.1% seen at end-March 1985.

Within the rise of £4.4 billion in public sector consolidated debt (Table A), private and overseas holdings of central government debt increased by £4.1 billion (2.2%) to £187.5 billion, partially reversing the decline seen in the previous two years. The rise in market holdings of the national debt in the latest year was £3.4 billion (2.1%)—Table D shows that the main factors (described more fully below in the analysis of national debt by instrument) were the issue of Ecu bonds and the increase in national savings. Of the instruments which are outside the national debt, notes and coin in circulation were £1.0 billion higher at the end of the year, but there was once again a substantial reduction (of £0.4 billion) in outstanding accrued interest on national savings.

Private and overseas holdings of the debt of the rest of the public sector were almost unchanged in aggregate. Despite a local authority borrowing requirement of £3.4 billion in 1990/91, market holdings of local authority debt rose by only £0.6 billion, reflecting the continued restructuring away from market borrowing towards borrowing from central government through the agency of the Public Works Loan Board. It was accompanied by a reduction in local authorities' bank and building society deposits. In the case of public corporations, the fall of £0.3 billion was largely because they had a 'negative' borrowing requirement. The share of local authorities and public corporations in total debt continued to fall, as it has in recent years (Chart 2).

Chart 1
Measures of public sector debt in relation to GDP^(a)



(a) Average measure of GDP at current market prices in four quarters centred on 31 March, adjusted to remove the distortion caused by the abolition of domestic rates.

(1) Full definitions are at the end of the article. All figures are at nominal value except where stated.

(2) Average measure of GDP at current market prices in four quarters centred on 31 March (three quarters grossed up to an annual rate in 1991), adjusted to remove the distortion caused by the abolition of domestic rates.

Table A
Net public sector debt

£ millions, nominal values; percentages in italics

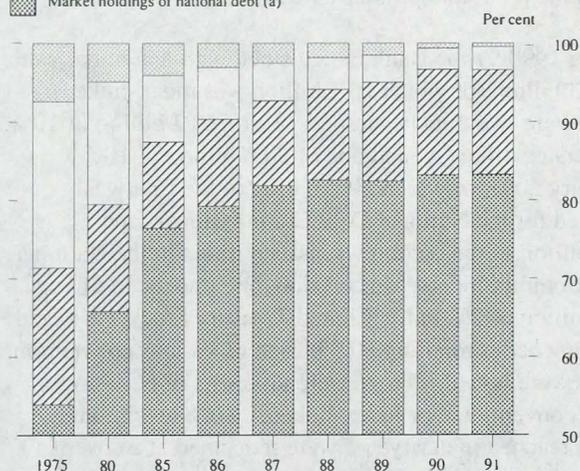
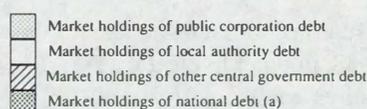
31 March	1980	1985	1986	1987	1988	1989	1990	1991	Increases			
									1980-85	1985-90	1990-91	
Central government												
Market holdings of national debt etc <i>as percentage of GDP</i>	78,121 <i>35.4</i>	146,684 <i>42.9</i>	158,432 <i>43.0</i>	169,341 <i>42.1</i>	178,076 <i>39.8</i>	167,176 <i>33.9</i>	160,031 <i>29.7</i>	163,448 <i>28.9</i>	68,563	13,347	3,417	
Net indebtedness to Bank of England												
Banking Department	599	—	—	319	583	969	1,451	1,245	- 599	1,451	- 206	
Savings banks	3,087	2,052	1,791	1,668	1,657	1,632	1,555	1,474	- 1,035	- 497	- 81	
Accrued interest and indexing on national savings	1,429	4,629	5,229	5,754	6,109	5,440	4,571	4,218	3,200	- 58	- 353	
Notes and coin in circulation	10,667	13,794	14,539	14,232	16,105	16,907	17,678	18,712	3,127	3,884	1,034	
Other	253	369	327	284	227	225	191	194	116	- 178	3	
Total	94,156	167,528	180,318	191,598	202,757	192,349	185,477	189,291	73,372	17,949	3,814	
<i>less held by local authorities and public corporations</i>	<i>- 931</i>	<i>- 1,657</i>	<i>- 1,836</i>	<i>- 1,279</i>	<i>- 1,789</i>	<i>- 2,235</i>	<i>- 2,064</i>	<i>- 1,768</i>	<i>- 726</i>	<i>- 407</i>	<i>296</i>	
Net total	93,225	165,871	178,482	190,319	200,968	190,114	183,413	187,523	72,646	17,542	4,110	
Local authorities												
Total debt	34,113	41,021	43,428	45,948	48,804	51,879	52,355	56,706	6,908	11,334	4,351	
<i>less held by central government and public corporations</i>	<i>-15,808</i>	<i>-24,932</i>	<i>-30,397</i>	<i>-36,125</i>	<i>-40,185</i>	<i>-44,936</i>	<i>-47,211</i>	<i>-50,989</i>	<i>- 9,124</i>	<i>-22,279</i>	<i>- 3,778</i>	
Net total	18,305	16,089	13,031	9,823	8,619	6,943	5,144	5,717	- 2,216	-10,945	573	
Public corporations												
Total debt	30,027	31,559	30,723	27,728	26,398	21,856	14,881	13,752	1,532	-16,678	- 1,129	
<i>less held by central government and local authorities</i>	<i>-24,271</i>	<i>-23,802</i>	<i>-24,642</i>	<i>-22,523</i>	<i>-22,473</i>	<i>-18,845</i>	<i>-13,671</i>	<i>-12,874</i>	<i>469</i>	<i>10,131</i>	<i>797</i>	
Net total	5,756	7,757	6,081	5,205	3,925	3,011	1,210	878	2,001	- 6,547	- 332	
Public sector: consolidated total debt	117,286	189,717	197,594	205,347	213,512	200,068	189,767	194,118	72,431	50	4,351	
<i>as percentage of GDP</i>	<i>53.1</i>	<i>55.5</i>	<i>53.6</i>	<i>51.0</i>	<i>47.8</i>	<i>40.6</i>	<i>35.2</i>	<i>34.3</i>				
Public sector: consolidated liquid assets (Table B)	15,212	28,986	31,073	33,541	42,167	42,619	39,401	39,651	13,774	10,415	250	
<i>as percentage of GDP</i>	<i>6.8</i>	<i>8.3</i>	<i>8.3</i>	<i>8.2</i>	<i>9.3</i>	<i>8.5</i>	<i>7.3</i>	<i>7.1</i>				
Net public sector debt	102,074	160,731	166,521	171,806	171,345	157,449	150,366	154,467	58,657	-10,365	4,101	
<i>as percentage of GDP</i>	<i>46.2</i>	<i>47.1</i>	<i>45.1</i>	<i>42.7</i>	<i>38.3</i>	<i>31.9</i>	<i>27.9</i>	<i>27.3</i>				

Public sector liquid assets were almost unchanged (Table B), rising by £0.3 billion (0.6%), following the decline last year which checked the sustained growth seen since 1980. Within the total of liquid assets the sterling value of the

reserves rose by £0.4 billion after the decline seen in 1990. Holdings of commercial bills by the Issue Department of the Bank of England also rose, by £1.7 billion (47.1%)—the largest rise since 1984. On the other hand, holdings of liquid assets (mainly deposits with banks and building societies) by local authorities and public corporations fell back sharply.

Chart 2
Market holdings of public sector debt

At 31 March of each year



(a) Less LA and PC holdings of national debt.

The national debt

The remainder of this article is concerned only with the national debt.

The change in debt outstanding (Table D)

Market holdings of the national debt at nominal value rose by £3.4 billion (2.1%) during the year ended March 1991, compared with a fall of £7.1 billion (4.3%) in the previous year. The central government borrowing requirement was -£2.5 billion (Table C), ie a surplus, somewhat lower than the surplus in the previous year. Debt held by official funds⁽¹⁾ showed a rise of £2.5 billion over the year. The total nominal national debt⁽²⁾ therefore rose by £5.9 billion—more than reversing the fall of the previous year. Market holdings of national debt, when expressed at nominal value as a proportion of annual gross domestic product, fell by 0.8 percentage points from March 1990, to 28.9%, continuing the trend over the previous four years.

(1) Debt held by the National Debt Commissioners (other than for the national savings stock register), certain other central and Northern Ireland government funds and accounts, and by the Bank of England.

(2) The overall increase of £5.9 billion in the total debt included a net increase of £1.8 billion in capital uplift over the financial year included in the nominal value of the outstanding index-linked issues of government stock; this is £0.6 billion more than the rise in the previous year, mainly because of a faster rise in the retail prices index between July 1989 and July 1990 (the relevant dates for the calculation of the uplift) than in the previous twelve months.

Table B
Public sector liquid assets

£ millions, nominal values

31 March	1980	1985	1986	1987	1988	1989	1990	1991	Increases		
									1980-85	1985-90	1990-91
Central government											
Gold and foreign exchange reserves	12,460	10,998	12,686	16,855	25,216	27,844	23,880	24,307	-1,462	12,882	427
Commercial bills, including bills held under purchase and resale agreements	789	7,148	8,710	7,012	8,312	2,456	3,657	5,381	6,359	-3,491	1,724
British government stock held under purchase and resale agreements	713	813	358	108	—	—	—	—	100	- 813	—
Export credit and shipbuilding paper held under purchase and resale agreements	—	2,599	1,926	954	—	—	—	—	2,599	-2,599	—
Net claim on Bank of England Banking Department	—	4,297	527	—	—	—	—	—	4,297	-4,297	—
Bank and building society deposits	559	791	768	839	822	1,220	1,244	1,473	232	453	229
Instalments due on British government stocks	31	—	2,826	1,876	366	—	—	—	- 31	—	—
Total	14,552	26,646	27,801	27,644	34,716	31,520	28,781	31,161	12,094	2,135	2,380
Local authorities											
Bank deposits	228	1,330	2,042	3,518	4,571	6,675	6,263	5,186	1,102	4,933	-1,077
Building society deposits	4	113	208	929	998	1,367	1,811	1,776	109	2,071	- 35
Other short-term assets												320	655	373	210	- 163
Total	232	1,443	2,250	4,447	5,889	8,697	8,447	7,172	1,211	7,004	-1,275
Public corporations											
Bank deposits	389	844	977	1,443	1,562	2,402	2,173	1,318	455	1,329	- 855
Other short-term assets	39	53	45	7	—	—	—	—	14	- 53	—
Total	428	897	1,022	1,450	1,562	2,402	2,173	1,318	469	1,276	- 855
Public sector: consolidated liquid assets	15,212	28,986	31,073	33,541	42,167	42,619	39,401	39,651	13,774	10,415	250

Table C
Composition of the PSBR

£ millions

	1980/81-1984/85 (annual rate)	1985/86-1989/90 (annual rate)	1990/91
Central government			
borrowing requirement: on own account	7,645	-2,555	-2,935
for on-lending to local authorities	1,935	4,554	1,472
for on-lending to public corporations	1,501	- 99	-1,025
CGBR	11,081	1,900	-2,488
Local authorities' net borrowing from markets	- 820	-3,586	1,959
Public corporations' net borrowing from markets	- 288	-1,677	57
Public sector borrowing requirement (PSBR)	9,973	-3,363	- 472
Alternative analysis:			
CGBR on own account (CGBR(O))	7,645	-2,555	-2,935
Local authority borrowing requirement (LABR)	1,115	968	3,431
Public corporations' borrowing requirement (PCBR)	1,213	-1,776	- 968
As percentage of GDP:			
CGBR	3.9	0.4	- 0.4
CGBR (on own account)	2.7	- 0.6	- 0.5
LABR	0.4	0.2	0.6
PCBR	0.4	- 0.4	- 0.2
PSBR	3.5	- 0.8	- 0.1

Analysis by instrument

During the year the proportion of the total national debt in market hands held in the form of conventional,

ie non-index-linked, government stock fell from 56.6% to 53.7%, while the proportion held in the form of index-linked stock rose from 10.9% to 11.7%. This again reflected the fall in conventional stock outstanding; new issues during the year totalling £2.3 billion were outweighed by maturities of £6.7 billion. In the case of the next largest group of instruments, national savings, index-linked national savings rose from 1.9% to 2.5% while other national savings increased marginally to 16.4%. The overall total of index-linked debt therefore rose from 12.8% to 14.2% of market holdings of national debt.⁽¹⁾

Gilt-edged stocks

In January 1991 the Bank returned to issuing stock, for the first time since October 1988, in order to meet the government's funding requirement.⁽²⁾

During 1990/91 the Bank issued stock with a nominal value of £2.3 billion (of which £0.1 billion was index-linked). There were two tranches issued, one of £0.7 billion of 10% Conversion 1996 'A' and one of £0.6 billion of 10% Treasury 2001, of which £0.2 billion of the first was reserved for the National Debt Commissioners and £0.1 billion of the second was issued direct to the National Debt Commissioners. In addition, one tranchette of £0.1 billion of 2% Index-Linked Treasury Stock 1994, and five tranchettes totalling £0.9 billion of various conventional stocks were issued. There were no issues of new stocks, either conventional or index-linked. Six conventional stocks reached maturity and were redeemed at a cost of £6.7 billion.

(1) Although this proportion includes the accrued liability for the capital uplift on index-linked government stocks, it excludes accrued liabilities from index-linking on national savings certificates and SAYE contracts which, together with accrued interest on all national savings are normally excluded from the definition of national debt; if the index-linked bonuses were included the proportion of index-linked debt would be 15.0% of total national debt in market hands, compared with 13.7% at end-March 1990. As a proportion of market debt denominated in sterling, the comparable figures are 15.8% and 14.2% respectively.

(2) For details, see Annex A in Chapter 2 of the 1989-90 Financial Statement and Budget Report. For details of the funding calculation, see pages 40-43 of the Treasury Bulletin, Summer 1991.

Table D
Market and official holdings of national debt

£ millions, nominal values

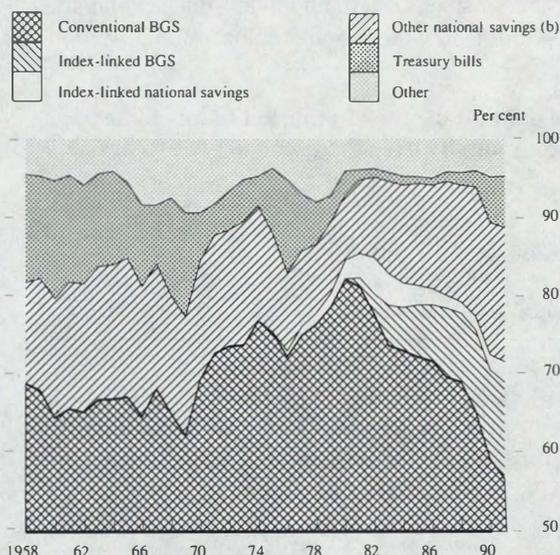
Percentage of market holdings in italics

	End-March 1990		End-March 1991	
Market holdings				
Sterling marketable debt:				
Government stocks: index-linked	17,478	<i>10.9</i>	19,176	<i>11.7</i>
other	90,534	<i>56.6</i>	87,819	<i>53.7</i>
Treasury bills	9,026	<i>5.6</i>	10,295	<i>6.3</i>
Sterling non-marketable debt:				
National savings: index-linked	3,038	<i>1.9</i>	4,107	<i>2.5</i>
other	26,096	<i>16.3</i>	26,814	<i>16.4</i>
Interest-free notes due to the IMF	3,813	<i>2.4</i>	3,963	<i>2.4</i>
Certificates of tax deposit(a)	2,542	<i>1.6</i>	2,692	<i>1.6</i>
Other	1,049	<i>0.7</i>	697	<i>0.4</i>
Total	153,576	<i>96.0</i>	155,563	<i>95.2</i>
Foreign currency debt: (b)				
North American government loans	1,272		1,127	
Foreign currency bonds	10			
Floating-rate notes	2,431		2,301	
Ecu Treasury bills	2,198		2,495	
Ecu bond	—		1,733	
Debt assigned to the government	544		229	
Total	6,455	<i>4.0</i>	7,885	<i>4.8</i>
Total market holdings	160,031	<i>100.0</i>	163,448	<i>100.0</i>
Official holdings				
Total	32,514		35,027	
Total	192,545		198,475	

(a) Includes a negligible amount of tax reserve certificates.

(b) Sterling valuation rates:
End-March 1990: £1 = US\$1.6455, Can.\$1.9261, ECU's 1.3646.
End-March 1991: £1 = US\$1.7385, Can.\$2.0144, ECU's 1.4433.

Chart 3
Composition of the sterling national debt^(a)



(a) At 31 March of each year.

(b) NSB investment accounts are included within national savings from 1981.

During 1990/91 the nominal amount of conventional gilt-edged stock held by the market fell by £2.7 billion. The cash value of net official purchases of conventional stock amounted to £2.9 billion. £5.7 billion matured while in market hands and the authorities bought in another £0.1 billion of stock under 1 year to redemption. In contrast, gross official sales of conventional stock (defined as *net* transactions in stocks of over 1 year maturity) were

(1) The difference arises mainly because the amount outstanding includes the capital uplift on index-linked stocks over the year.

(2) The aggregation of index-linked and non-index-linked stock for the purposes of measuring average maturity presents a conceptual difficulty (see the December 1982 *Bulletin*, page 540). This calculation, which gives index-linked stocks a weight reflecting the capital uplift accrued so far, assumes that stocks will mature on their latest maturity. Table E also illustrates alternatives to these assumptions, viz that stocks which stood above par on 31 March will be redeemed at the earliest possible date and that any convertible stocks will be converted into stocks of a later maturity.

(3) There were no conversions of short-term convertible stock into medium or long-term stock during 1990/91.

Reconciliation

There are several reasons why the borrowing requirement figures, which relate solely to transactions,⁽¹⁾ are not the same as the changes in net debt. Among these are the following:

- Changes in exchange rates affect the value of foreign currency liabilities and assets independently of transactions.
- When British government stocks are issued (or bought in by the Bank of England ahead of redemption) at a discount or premium, the borrowing requirement is financed by the actual amount received or paid out, while the level of debt is deemed to increase or decrease by the nominal value.
- The borrowing figures include the uplift on index-linked British government stocks only when it is paid out, but the figures for debt outstanding include it as it accrues over the life of the stock in market hands.
- Borrowing requirements are not affected by changes in assets and liabilities that arise from changes in the boundary of the public sector (eg in 1990/91, the exclusion from the public sector of the regional electricity companies of England and Wales and the generating companies because of privatisation). The receipt of privatisation proceeds themselves is, however, a determinant of the PSBR.

(1) Exceptionally the interest (including index-linking) on national savings certificates and SAYE contracts is counted in the CGBR and PSBR as it accrues, because it can be withdrawn by holders on demand.

positive, the authorities selling a net £2.8 billion. During the year the nominal amount of index-linked gilt-edged stock held by the market rose by £1.7 billion although net official sales during the year were flat.⁽¹⁾

In 1990/91, continuing the series which began in October 1989, there were six offers to convert smaller stocks into larger, more liquid, issues. As in 1989/90 these conversions involved pairs of stocks with similar coupons and maturity dates and so did not cross the conventional maturity bands shown in Table 8 of the statistical annex.

The average life of dated stocks in market hands was 9.9 years at end-March 1991, a fall of 0.3 on the end-March 1990 average.⁽²⁾ When index-linked stocks are excluded the average is 8.0 years, 0.4 below the end-March 1990 average (Table E and Chart 4).⁽³⁾ The average amount of stock to be

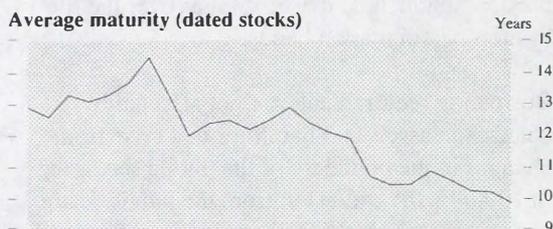
Table E
Average life of dated stock in market hands

Years to maturity at end-March	1987	1988	1989	1990	1991
Assumptions					
Latest possible redemption:					
All dated stocks: (a)					
No conversions	10.9	10.6	10.2	10.2	9.9
Maximum conversions	11.2	10.8	10.4	(b)	(b)
Excluding index-linked stocks:					
No conversions	9.7	9.3	8.7	8.4	8.0
Maximum conversions	10.1	9.5	8.9	(b)	(b)
Earliest possible redemption date for stocks standing above par on 31 March:					
All dated stocks: (a)					
No conversions	10.5	10.2	9.9	10.1	9.6
Maximum conversions	10.9	10.5	10.1	(b)	(b)
Excluding index-linked stocks:					
No conversions	9.3	8.9	8.3	8.2	7.7
Maximum conversions	9.7	9.1	8.5	(b)	(b)

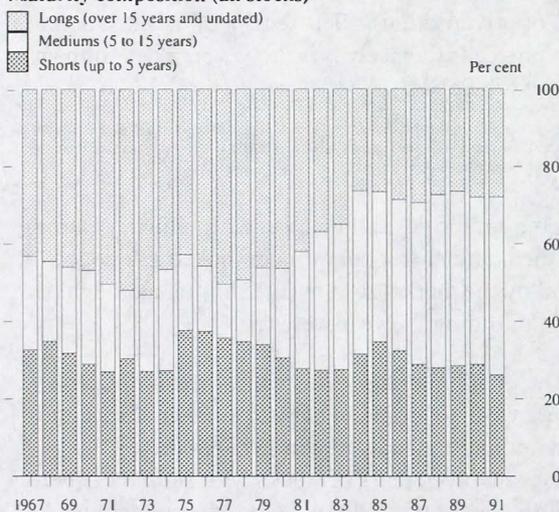
(a) Index-linked stocks are given a weight reflecting capital uplift accrued to 31 March.
(b) No conversion options were available.

Chart 4
Residual maturity of market holdings of stocks

At 31 March of each year



Maturity composition (all stocks)

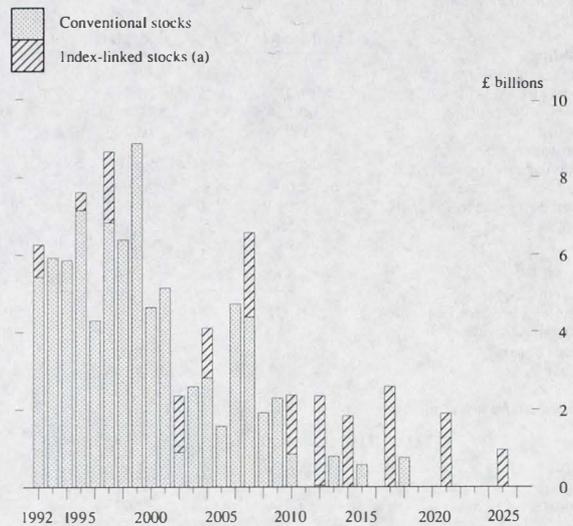


redeemed in each of the next five years fell by £0.2 billion over the year to £6.0 billion at end-March 1991 (Chart 5) and is detailed in Table F.

The market value of gilt-edged stock in market hands rose by £7.4 billion to £102.6 billion. In contrast, there was a fall of £1.0 billion in their nominal value, the difference reflecting the rise in average gilt prices over the year. Yields on conventional stocks fell correspondingly during the year, by 3.41 percentage points for short-dated stocks, 2.29 percentage points for medium-dated stocks and

Chart 5
Maturities of dated stocks in market hands

Years ending 31 March



(a) Figures include accrued uplift up to 31 March 1991.

1.64 percentage points for long-dated stocks, thus resulting in a much flatter yield curve at the end of the financial year.

At end-March 1991, despite the rise in gilt prices, the total market value of stocks (including index-linked) in market hands was still below their total nominal value. Within this

Table F
Average amount of stock in market hands to be redeemed annually over the following five years

£ billions, at end-March

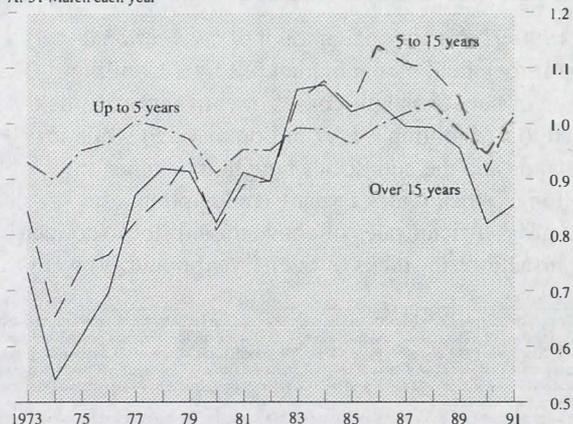
	1985	1986	1987	1988	1989	1990	1991
With no conversions	7.9	7.9	7.3	7.5	7.0	6.2	6.0
Maximum conversions	6.7	7.0	6.9	7.1	6.7	(a)	(a)

(a) No conversion options were available.

the ratio of market to nominal value rose from 0.95 to 1.01 for short-dated stocks, from 0.91 to 1.02 for medium-dated stocks, from 0.82 to 0.85 for long-dated stocks and from 0.30 to 0.38 for undated stocks (Chart 6).

Chart 6
Market value/nominal value ratios of fully-paid dated British government stocks in market hands

At 31 March each year



National savings

National savings rose by £1.4 billion in 1990/91. However, excluding accrued interest and index-linking increments⁽¹⁾ which are not included in the national debt, national savings' contribution rose by £1.8 billion.

As in recent years Income Bonds contributed much to this latter rise, £0.8 billion, but the strongest performance was in holdings of index-linked certificates, which rose by £1.1 billion. Deposits with the Investment Account of the National Savings Bank also contributed £0.6 billion. Offsetting these rises were net withdrawals of £0.8 billion from fixed-interest certificates, as the general extension rate (applicable to certificates which had exceeded their initial term of five years) was set well below most other interest rates.

Other sterling debt

The market's holdings of Treasury bills at 31 March 1991 were £10.3 billion, £1.3 billion higher than a year earlier despite the reduction in the size of the weekly Treasury bill tender during the year from £0.7 billion to £0.55 billion. Holdings of certificates of tax deposit rose by £0.1 billion, while public corporations' temporary deposits with the National Loans Fund fell by £0.4 billion.

Foreign currency debt

During the year, the sterling value of foreign currency debt held by the market rose by £1.4 billion. This rise was more than accounted for by the market's holdings of £1.7 billion of the government's first Ecu bond, which raised ECU 2.5 billion. This bond was launched on 13 February 1991 to help promote Ecu market development and consolidate London's leading position in the Ecu financial markets. In addition to the Ecu bond, the market's holdings of Ecu Treasury bills rose by ECU 0.6 billion (£0.4 billion), while public corporations' foreign currency debt assigned to the government was reduced by £0.3 billion.

Analysis by holder (Tables G and H)

In the absence of reliable data on the level of government stocks held by insurance companies and pension funds,⁽²⁾

their figures have been combined in Table H. Consequently, a maturity breakdown of their holdings and of the 'Other (residual)' category cannot be given this year. It is hoped to reinstate the analysis in future.

Holdings of national debt by the banking sector⁽³⁾ fell by £1.3 billion, with falls in holdings of Treasury bills (£0.7 billion) and of British government stocks (£0.6 billion). Building societies increased their holdings of debt by £0.3 billion, with a fall of £0.9 billion in holdings of British government stocks being more than offset by a rise of £1.1 billion in holdings of Treasury bills. Holdings of

Table G
Distribution of the sterling national debt: summary (a)

£ billions

	Amounts outstanding at 31 March			Change in 1990/91 on revised figures
	1990 original	1990 revised	1991	
Market holdings				
Public corporations and local authorities	1.6	1.6	1.2	-0.4
Banking sector	8.3	8.3	7.0	-1.3
Building societies	4.8	4.9	5.2	+0.3
Institutional investors:				
Insurance companies and pension funds	57.5	60.6	67.3	+6.7
Other	0.5	0.6	0.8	+0.2
Overseas residents	21.7	22.1	21.6	-0.5
Individuals and private trusts	38.1	38.1	39.1	+1.0
Other (including residual)	21.1	17.4	13.3	-4.1
Total market holdings	153.6	153.6	155.6	+2.0
Official holdings	32.3	32.3	34.6	+2.3
Total sterling debt	185.9	185.9	190.2	+4.3

(a) See Table H for a more detailed analysis.

debt by individuals and private trusts rose by £1.0 billion, within which their holdings of gilt-edged stocks are estimated to have fallen by £0.7 billion,⁽⁴⁾ offset by holdings of national savings which rose by £1.6 billion. Externally-held debt denominated in sterling fell by £0.5 billion, although both international organisations' (+£0.2 billion) and central monetary institutions' (+£0.5 billion) holdings of debt actually rose. Institutional investors' holdings of debt are estimated to have risen by £6.7 billion; this is partly offset by a decline of £4.1 billion in the residual category.

- (1) Accrued interest, index-linked increments and bonuses outstanding on national savings certificates and Save As You Earn contracts, and non-capitalised interest on the National Savings Bank investment account totalled £4.2 billion at 31 March 1991 compared with £4.6 billion a year earlier. The decrease, the third in consecutive years, was largely due to the repayment of fixed-interest certificates, including the conversion of mature certificates (including the accrued interest on them) into new issues.
- (2) The figures for pension funds, which were based on CSO data in previous years, have been estimated this year by the Bank pending the publication by the CSO of a revised statistical series; they have been combined with insurance companies' data. The figures are therefore provisional and any overestimation or underestimation will be reflected in the 'Other (residual)' category.
- (3) Exceptionally in this analysis excluding Bank of England Banking Department.
- (4) These are broad estimates derived from the stock registers and other information. They do not include stock held through nominee companies as the beneficial ownership of these cannot be derived from the registers. There were some 1,488,500 identified accounts on the Bank of England stock register for individuals and private trusts at end-March 1991, a rise of 233,100 on twelve-months earlier.

Table H
Estimated distribution of the sterling national debt: 31 March 1991

£ millions

Nominal values (a)

Market values in italics (b)

	Total debt	Percentage of market holdings	Treasury bills	Stocks Total	Market value	Up to 5 years to maturity	Over 5 years and up to 15 years	Over 15 years and undated	Non-marketable debt
Market holdings									
Other public sector:									
Public corporations	1,090		75	232		116	116	—	783
Local authorities	149		2	138		69	35	35	9
Total	1,239	0.8	77	370	368	185	151	35	792
Banking sector:(c)									
Discount market	465		460	5		4	—	1	—
Other	6,562		2,684	3,634		780	1,739	1,115	244
Total	7,027	4.5	3,144	3,639	3,454	784	1,739	1,116	244
Building societies	5,178	3.3	2,200	2,909	2,944	2,665	244	—	69
Institutional investors:									
Insurance companies	67,349		36	67,239	62,013	..	..	..	74
Pension funds(d)	339		—	339	329	164	105	70	—
Investment trusts	458		—	458	443	110	247	101	—
Unit trusts									
Total	68,146	43.8	36	68,036	62,785	..	..	..	74
Overseas holders:									
International organisations	4,787		203	621	630	407	175	39	3,963
Central monetary institutions	8,477		2,018	6,459	6,535	3,497	2,874	88	—
Other	8,328		1,033	7,295	6,949	2,277	2,918	2,100	—
Total	21,592	13.9	3,254	14,375	14,113	6,181	5,967	2,227	3,963
Other holders:									
Public trustee and various non-corporate bodies	968		354	614	605	159	367	88	—
Individuals and private trusts(e)	39,088		—	11,034	10,878	5,782	3,811	1,441	28,054
Industrial and commercial companies	4,471		1,230 (f)	1,294	7,422	..	..	..	1,947
Other (residual)(d)	7,854		—	4,724		..	..	..	3,130
Total	52,381	33.7	1,584	17,666	18,906	..	..	..	33,131
Total market holdings(c)	155,563	100.0	10,295	106,996	102,570	29,952	49,046	27,998	38,273
Official holdings(c)	34,646		1,137	15,441	15,153	4,981	7,263	3,197	18,068
Total sterling debt	190,209		11,432	122,436	117,723	34,933	56,309	31,194 (g)	56,341

Figures may not add to totals because of roundings.

— nil or less than £1 million.

.. data not available.

(a) For explanation see the notes accompanying the similar table on page 555 of the November 1987 *Bulletin*.

(b) Some of these estimates are based on reported market values: certain others rely on broad nominal/market value ratios.

(c) Official holders include the Bank of England Issue Department and, exceptionally, the Banking Department.

(d) See footnote 2 on page 543.

(e) Direct holdings only; explained in the notes.

(f) The residual after holders of Treasury bills have been identified: the total may thus include unidentified holdings, and differences in valuation, in other sectors.

(g) Of which, undated £3,207 million.

Notes and definitions

The national debt

This consists of the liabilities of the National Loans Fund (which is responsible for raising most of the central government's debt). For full details of instruments see the article 'Distribution of the national debt: end-March 1987' in the November 1987 *Bulletin*, page 555. Definitive figures will be published in the *Consolidated Fund and National Loans Fund Accounts 1990/91 Supplementary Statements*. Provisional figures (some of which are revised in this article) are from *Financial Statistics*, August 1991.

Market holdings of the national debt etc

Market holdings exclude holdings by other bodies within the central government sector (principally the funds of the National Investment and Loans Office, the EEA, government departments and the Issue Department of the Bank of England) and by the Banking Department of the Bank of England (together called 'official holders'). The term 'market' includes local authorities and public corporations. Exceptionally in these articles Issue Department temporary holdings under purchase and resale agreements are included in market holdings; such holdings are therefore included in Table B as a central government liquid asset.

Consolidated debt of the public sector

This includes not only market holdings of the national debt (qv) but any other market holdings of central government debt. In addition it includes all local authority and public corporation debt. All holdings of each other's debt by these three parts of the public sector are then netted off to produce a consolidated total—which is the total of public sector debt held outside the public sector, as published by the Central Statistical Office in Table S1 of the March issue of *Financial Statistics*.

The net debt of the public sector

This is derived from the consolidated debt of the public sector by deducting the public sector's holdings of liquid assets.

Net indebtedness of the Bank of England Banking Department

The Banking Department's holdings of central government debt (principally sterling Treasury bills and British government stocks) less the deposits of the National Loans Fund and Paymaster General. At end-March 1985 and end-March 1986 this was a net claim—see Table B.

Savings banks

Deposits on ordinary accounts of the National Savings Bank and the liability (now zero) to the TSB of the Fund for the Banks for Savings (a government fund operated by the National Investment and Loans Office).

Other central government debt

Now includes only market holdings of Northern Ireland government debt (principally Ulster Savings Certificates) and the balances of certain public corporations with the Paymaster General.

Gold and foreign currency reserves

These are at the official dollar valuation (see notes and definitions to Table 17.1 in the February 1991 *Bulletin*) converted to sterling at the end-March middle market closing rate.

Instalments due on British government stocks

The national debt includes the whole nominal value of all issued stocks, even where there are outstanding instalments due from market holders; a counter entry is therefore included in assets.

PSBR

Figures are taken from *Financial Statistics*, September 1991.