

PO-CH / NL / 0125
PART B

Part B

CONFIDENTIAL

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Begin: 9/4/87.

Ends: 7/5/87. (CONTINUED)



PO -CH /NL/0125



PART B

Chancellor's (Lawson) Papers

THE ROYAL MINT AND
FUTURE COINAGE OPTIONS

Disposal Directions: 25 Jan

Phelan

2/8/95.

NL/0125

-CH

PO

PART B



FROM: MRS D C LESTER

DATE: 9 April 1987

CHANCELLOR

cc Mrs Lawson
Mr Allan

*Tom, Substantive
Japan visit*

POSSIBLE VISIT TO THE ROYAL MINT

I understand that you are thinking of visiting the Royal Mint with Tom on a convenient date during the next couple of weeks.

2. I have spoken to Dr Gerhard and we discussed possible dates:

Monday 13 April

This would be fine for the Mint but is very soon after your trip to Washington and does not really enough time to firm up arrangements;

Tuesday 14 April

This would be convenient for the Mint and I think for you also but I understand that Tom has a commitment;

Wednesday 15 and Thursday 16 April

The Mint has a major conference on these dates which would be extremely difficult to move and I understand that Caroline has been making arranged for you to have lunch with the Lutterworth Luncheon Club;

Friday 17 to Tuesday 21 April

The factory at Llantrisant closes down for Easter during this period;

Wednesday 22 April

This will be the second reading of the Finance Bill and you have a number of other engagements that day, including lunch with Lord Bruce Gardyne. This would be a particularly good day from the Mint's point of view as they are due to receive the Queen's Award for Exports



that day (Dr Gerhard tells me that he was going to inform you of this anyway)

Thursday 23 April

You have Cabinet and a private engagement thereafter but it would be convenient for the Mint;

Friday 24 April

You have three meetings at No.11 which could perhaps be moved if you wished and this would also be a convenient day for the Mint.

3. Dr Gerhard tells me that there is a routine for visitors which means arriving at Llantrisant by 10.15 am (depart Paddington at 8.00 am) and touring the factory before lunch. As Master, you may wish to stay on for lunch and for an hour afterwards to ask questions, meet staff etc. but could leave Cardiff on the 3.30 or 4.30 pm train. I have mentioned this to Mrs Lawson who tells me that either 22 or 24 April would be fine for Tom.

4. Are you content to go to Wales on Friday 24?

Debbie

DEBBIE LESTER

*Content**D
9/4*

FROM: *Suphia* G R WESTHEAD
 DATE: *9* April 1987

MRS LESTER *2*

cc Sir P Middleton
 Mr Cassell
 Mrs Lomax
 Mr Andren

DESIGN OF BRITANNIA AND 1988 ONE POUND COIN

The Economic Secretary has seen your minute to me of 7 April.

2. He has commented that in recommending that the value need not appear on the Britannia and its fractions, he should have pointed out that there are many precedents for this. Before the nineteenth century, values appeared only very rarely. Modern currency coins usually display their denomination, but Crowns did not when in general circulation (ie up to the First World War) and sometimes have not since (for example the Churchill Crown in 1965). Most relevant, however, is the fact that the sovereign, the nearest comparable coin, does not have and never has had its face value (£1) inscribed on it.

3. There is thus no need to put a value on the Britannia, and it can have a currency value allocated to it, like the sovereign, for technical reasons to establish its status as legal tender.

G R Westhead.

G R WESTHEAD
 Assistant Private Secretary

b/f 22.4.



FROM: A P HUDSON

DATE: 9 April 1987

PS/ECONOMIC SECRETARY

cc Mrs Lomax
Miss Noble
Mr Culpin
Mr Allan
Mr Pickford
Mr Andren
Mrs Lester
Mr Cropper
Mr Tyrie
Mr Ross Goobey

CHANCELLOR'S SPEECH AT THE TRIAL OF THE PYX, 1 MAY

I understand that the Economic Secretary has agreed to supervise the drafting of the Chancellor's speech for the Trial of the Pyx.

2. The Chancellor has already indicated a number of subjects he wishes to cover, including:

- The Nottingham University pamphlet - can this be published on 1 May, to give the speech more news value?
- The points mentioned in Mr Hall's 30 January minute;
- The unfavourable verdict of the trial!

In passing.

3. As always, it would help to have a joke or two.

4. To give the Chancellor plenty of time to consider the speech, please could I have a draft by lunchtime on Thursday, 23 April.

A handwritten signature consisting of the letters 'A P H' in a stylized, cursive font.

A P HUDSON

(RL) 1 Tony - Dick says
DLK no need to show to C

FROM: MRS R LOMAX

DATE: 10 April 1987

Just been redone to
reflect C's + PEM's
comments.

PS/SIR P MIDDLETON

cc: Principal Private Secretary view
PS/Economic Secretary on this until
Mr Cassell after Easter
Mr Kemp
Mr C D Butler
Miss Noble o/a
Mr Andren

Wan't copy PEM's

~~DLK?~~

2 Debbie (o/s)

- to note DLK

DEPUTY MASTER OF THE ROYAL MINT

I attach a redraft of the advertisement, taking account of the Chancellor's comments recorded in your minute of 7 April. I have also spoken to Dr Gerhard and given him a copy of the advertisement. He will notify the Royal Mint TUS after Easter, once Sir P Middleton has written to Sir R Armstrong.

2. Dr Gerhard did not seem entirely persuaded of the case for going straight to open competition. He noted that the Deputy Mastership had always gone to a Civil Service candidate. I commented that we were not excluding Civil Service candidates by going for open competition.

RL

RACHEL LOMAX

THE ROYAL MINT: DEPUTY MASTER AND COMPTROLLER

The Deputy Master and Comptroller of the Royal Mint is the Mint's Chief Executive, responsible to the Master of the Mint (the Chancellor of the Exchequer). The present Deputy Master is due to retire shortly, and a successor is sought.

The Mint operates as a Government trading fund in accordance with the Government Trading Funds Act 1973. In general terms, it is a public sector body financed and run as far as possible on commercial lines.

The Mint manufactures and issues standard coin for the United Kingdom, and is a substantial exporter of both standard and collector coin, medals, seals and related products. Total annual turnover is around £75 million and overseas sales are about £50 million. It has a modern manufacturing facility at Llantrisant, employing 980 people.

The successful candidate for this unique and demanding post will be responsible for the commercial and financial performance of the Mint, and will be the main source of advice to Ministers on the coinage. He or she will be expected to offer a mix of proven commercial and representational skills, as well as political awareness and a capacity for strategic planning. The successful candidate will probably be aged 45-55. The appointment will be for five years initially, and can be based in London or Llantrisant.

Salary will be within the scale of £32,350 to £35,350 per annum, plus non-contributory pension (under the Principal Civil Service Pension Scheme). The salary scale is currently under review. A higher salary may be considered, if necessary, for a candidate of exceptional qualifications or experience.

Candidates from both inside and outside the Civil Service are invited to apply.

Further details and application form can be obtained from
[].



OK subject to
one amendment

9/content with FST's
draft. Any views
on X?
CR 13/4

FROM: G WESTHEAD
DATE: 10 April 1987

PS/CHANCELLOR

cc: Mrs Lomax
Mr Andren
Deputy Master

1 agree

ROYAL MINT: PARLIAMENTARY QUESTION - MR J WHEELER MP

Mr J Wheeler MP put down the following Question for Written Answer on 8 April:

"To ask Mr Chancellor of the Exchequer, if he will announce his conclusions of his review of the size and shape of the various denominations of United Kingdom currency coins; and what proposals he has for change."

2. This clearly refers to the Nottingham University research. The reply drafted by Mr Andren is attached, but the Economic Secretary would prefer the following slightly shorter reply:

"The Government have no plans at present to issue any new coins or withdraw any existing coins. Naturally, the Government keeps all longer term options under constant review. Before any change took place it would be necessary to give all interested parties from industry and commerce, as well as the general public, including the ~~visually~~ ^{blind} ~~handicapped~~, an opportunity to make known their views on the longer term alternatives."

3. The Economic Secretary does not think this is a good occasion to give a trailer for the Mint pamphlet on future coinage options. The Master of the Mint's Trial of the Pyx speech would be better, he thinks.

4. I would be grateful for the Chancellor's views on this. There is no particular hurry since the question cannot of course be answered before the House returns.

X
Andrew also thinks this is a good idea // agree

GUY WESTHEAD
Assistant Private Secretary

✓ if ch. happy
LS

WEDNESDAY 8 APRIL 1987

TREASURY

C - Westminster North

No. 94
MR JOHN WHEELER : To ask Mr Chancellor of the Exchequer, if he will announce his conclusions of his review of the size and shape of the various denominations of United Kingdom currency coins; and what proposals he has for change.

DRAFT REPLY EST

The Government have no plans at present to issue any new coins or withdraw any existing coins. Naturally, the Government keeps all longer term options under constant review.

[I am aware that many people feel our existing coinage may be too heavy and that it might be sensible to replace some of our coins with lighter and smaller versions. However,]
Before any change took place it would be necessary to give all interested parties from industry and commerce, as well as the general public, ^{including the visually handicapped} an opportunity to make known their views on the longer term alternatives. [One option, made possible by this Government's success in securing a reduction in the rate of inflation, would be to make no further changes in our coinage for the foreseeable future.]

D. B. Andren

D B ANDREN
FIM 1
Ext 4648

RL
MRS R LOMAX
FIM
Ext 4469

974

MR J WHEELER

BACKGROUND NOTE

No mention is made in the reply of the proposed Mint pamphlet since the Chancellor has indicated that he wishes to consult the Prime Minister before finally deciding whether or not the pamphlet should be published in advance of the general election. We have also assumed that the Chancellor would prefer to delay any announcement about the publication of this pamphlet until his Trial of the Pyx Speech.

This answer may attract some attention in the press. In view of this it is probably sensible to emphasise that one longer term option is to make no further changes for the foreseeable future.

FROM: MRS R LOMAX
DATE: 10 April 1987

APS/CHANCELLOR

cc: PS/Economic Secretary
Sir P Middleton
Mr Cassell
Mr Andren

DESIGN OF BRITANNIA AND 1988 ONE POUND COIN

Neither your minute of 7 April nor Mr Westhead's minute of 9 April were copied to the Royal Mint. I am not sure how the Chancellor's views are to be communicated to the Royal Mint Advisory Committee - it may be that the Economic Secretary wishes to do this himself. However, before the Chancellor makes up his mind about whether the face value should appear on the Britannia and its fractions, I think it would be a good idea if the Deputy Master were given an opportunity to comment: there may well be marketing or other commercial implications.



RACHEL LOMAX



FROM: G WESTHEAD
DATE: 13 April 1987

MR ANDREN

cc: PS/Master of the Mint
Mrs Lomax
Deputy Master

ROYAL MINT: PARLIAMENTARY QUESTION ON CROWN PIECES - MR J WHEELER MP

The Economic Secretary was grateful for your draft reply to this question (copy attached for copy recipients). He would like to add an additional sentence to it and the revised reply would look as follows:

"Crowns are generally issued to mark important Royal occasions. It would not therefore be appropriate to issue them on a regular basis. In the case of any future commemorative issues an announcement would be made at the appropriate time."

Guy Westhead.

GUY WESTHEAD
Assistant Private Secretary

✓/43

WEDNESDAY 8 APRIL 1987TREASURY

C - Westminster North

No. 95
 MR JOHN WHEELER : To ask
 Mr Chancellor of the Exchequer, if he will consider the regular
 issue of a crown piece in silver proof and currency metal;
 and when he expects to issue the next commemoration version
 of this coin.

Sincerely ✓
 Commemorations

DRAFT REPLY

EST

Crowns are generally issued to mark important Royal occasions.
 It would not therefore be appropriate to issue them on a
 regular basis.

In the case of any future commemorative issue
 a decision will be made at the appropriate time

George Haydon
 G C HAYDON
 FIM1 Division
 Ext 4647

D. B. Andren 9/4
 D B ANDREN
 FIM1 Division
 Ext 4648

RL 9/4
 MRS R LOMAX
 FIM1 Division
 Ext 4469

MR J WHEELER

BACKGROUND NOTE

The reply has been agreed with the Royal Mint.



| | |
|--------------|-------------|
| CH/EXCHEQUER | |
| REC. | 13 APR 1987 |
| ACTION | |
| COPIES TO | |
| | |
| | |
| | |

MASTER OF THE MINT

LPM done & all concerned.

cc Economic Secretary
Sir Peter Middleton
Mrs Lomax

I have been informed in the strictest confidence that Her Majesty The Queen has approved the inclusion of the Royal Mint in this year's list of recipients of a Queen's Award for Export. The announcement will be made on 21 April and we are required to treat the matter as confidential until then.

DJ

D J GERHARD
DEPUTY MASTER

13 April 1987



FROM: CATHY RYDING
DATE: 13 April 1987

APS/ECONOMIC SECRETARY

cc Sir P Middleton
Mr Cassell
Mrs Lomax
Mr Andren

DESIGN OF BRITANNIA AND 1988 ONE POUND COIN

The Chancellor was grateful for your minute of 9 April to Mrs Lester.

2. The Chancellor has commented that he yields to the vastly superior knowledge of the Economic Secretary, and is content with the recommendation that the denomination of the coin need not appear on the Britannia.

A handwritten signature in cursive script, appearing to be 'CR'.

CATHY RYDING

b/f h
Nigel.



Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

Deputy Master
Royal Mint
Threadneedle Street
LONDON
EC2R 8AH

13 April 1987

Dear Dr Gerhard

DESIGN OF BRITANNIA AND 1988 ONE POUND COIN

... I am sorry that the attached correspondence about the Design of Britannia and the 1988 One Pound Coin was not copied to you at the time. We would be grateful for your views on the Master's comments and the Economic Secretary's response please ... (both now attached).

Yours Sincerely

A handwritten signature in cursive script, appearing to read 'Alyson'.

PP MRS D C LESTER



FROM: MRS D C LESTER

DATE: 7 April 1987

APS/ECONOMIC SECRETARY

cc Sir P Middleton
Mr Cassell
Mrs Lomax
Mr Andren**DESIGN OF BRITANNIA AND 1988 ONE POUND COIN**

The Chancellor was grateful for the Economic Secretary's minute of 2 April.

2. As regards the proposed 1988 UK reverse design for the £1 coin, he is content for urgent work to be done to produce a choice of designs based on the simple crowned shield (paragraph 3).

3. On Britannia he is content with narrowing the choice of designs to 1(d), 8(c) and 9(a).

4. The Chancellor has reflected on the question of whether the denomination of the coin - £100 - must appear on the new Britannia. While he agrees that it need not, he would still prefer it to do so if possible. He wonders whether the symbol £C would do the trick? (He points out that since the conventional pound sign is Roman, why not use the Roman 100 as well? It would save space, and ought to be able to be tucked away somewhere by the designer.) The Chancellor knows that there is no precedent for the symbol £ on the coinage, and that units of currency are always spelled out in full; but he points out that there is no precedent for omitting the denomination altogether.

Debbie Lester



FROM: G R WESTHEAD
DATE: 9 April 1987

MRS LESTER

cc Sir P Middleton
Mr Cassell
Mrs Lomax
Mr Andren

DESIGN OF BRITANNIA AND 1988 ONE POUND COIN

The Economic Secretary has seen your minute to me of 7 April.

2. He has commented that in recommending that the value need not appear on the Britannia and its fractions, he should have pointed out that there are many precedents for this. Before the nineteenth century, values appeared only very rarely. Modern currency coins usually display their denomination, but Crowns did not when in general circulation (ie up to the First World War) and sometimes have not since (for example the Churchill Crown in 1965). Most relevant, however, is the fact that the sovereign, the nearest comparable coin, does not have and never has had its face value (£1) inscribed on it.

3. There is thus no need to put a value on the Britannia, and it can have a currency value allocated to it, like the sovereign, for technical reasons to establish its status as legal tender.

G R Westhead.

G R WESTHEAD
Assistant Private Secretary

UNCLASSIFIED

Debbie (o/s)

FROM: J DIXON
14 April 1987
Room 53B/G
Ext 4589

MR SAUNDERS

cc Principal Private Secretary
PS/Economic Secretary
Mr Cassell
Mr Kemp
Mrs Lomax
Mr Luce
Mr Chivers
Mr Pain
Miss Noble o/a
Mr Andren

DEPUTY MASTER OF THE ROYAL MINT : ADVERTISEMENT

We discussed the point about a non-contributory pension. I think it could risk a charge of misrepresentation, if the advertisement simply said 'non-contributory pension'. The 1½% contributions towards widows' pensions, and later this year towards widowers' pensions, are compulsory, even if the person appointed is single. The single person, of course, receives back his or her contributions, with interest, on retirement.

2. I believe it would be right to amend the advertisement to something like the following:

Salary will be within the scale of £32,350 to £35,350 per annum, currently under review. Pension benefits are non-contributory, other than 1½% for family benefits. A higher salary

J. D.

J DIXON



Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

14 April 1987

Deputy Master
Royal Mint
7 Grosvenor Gardens
London
SW1W 0BH

Dear Dr Gerhard

DESIGN OF BRITANNIA AND 1988 ONE POUND COIN

... Further to Mrs Lester's letter of 13 April I attach another piece of correspondence which unfortunately wasn't copied to you, but which Mrs Ryding, the Chancellor's Assistant Private Secretary, thought you should see.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'A Lyons', with a long horizontal stroke extending to the right.

A LYONS



FROM: CATHY RYDING
DATE: 13 April 1987

APS/ECONOMIC SECRETARY

cc Sir P Middleton
Mr Cassell
Mrs Lomax
Mr Andren

DESIGN OF BRITANNIA AND 1988 ONE POUND COIN

The Chancellor was grateful for your minute of 9 April to Mrs Lester.

2. The Chancellor has commented that he yields to the vastly superior knowledge of the Economic Secretary, and is content with the recommendation that the denomination of the coin need not appear on the Britannia.

A handwritten signature in black ink, appearing to be 'CR'.

CATHY RYDING



df with EST's news
(or 21/4) (Debbie)

MASTER OF THE MINT

cc PS/Economic Secretary
Sir Peter Middleton)
Mrs Lomax) Try
Mr Andren)
Mr Williams - RM

BRITANNIA

Mrs Lomax has drawn my attention to the Economic Secretary's advice as to whether the the face value should appear on the Britannia coin. (The EC's minute to you of 2 April, Mrs Lester's of 7 April, Mr Westhead's of 9 April and Mrs Ryding's of 13 April.

Although some members of the Advisory Committee, including Prince Philip, queried whether the coin should show the face value, indeed it was also questioned whether the coin should have a face value at all, the Committee was aware that the commercial implications of the matter had not at that stage been fully assessed. In the time since the Advisory Committee met we have been able to consult the market both here and overseas and the overwhelming view is that the face value should appear on the coin. Our US, Canadian and Australian competitors all sell bullion coins showing the face value and were we not to follow suit it would be regarded as a serious marketing error. The Kruggerand does not show a face value and that was subsequently considered to be a mistake. It might be said that the Kruggerand sold very well, but at that time it had no opposition and we certainly have.

The Advisory Committee was primarily concerned with avoiding a reverse design cluttered up with "1 oz Fine Gold" and the face value, in addition to the Britannia design. This can very easily be achieved by using the £2 coin design for the obverse, which includes the face value under the Queen's portrait. Since the design has been approved we would not even have to go back to the Committee.

In summary, we recommend that for commercial reasons the Britannia should show the face value, and that it be included on the obverse side in the manner of the £2 coin.

DC.

D J GERHARD
DEPUTY MASTER
14 April 1987

1. Mrs Lester o/v
2. PWP



FROM: A P HUDSON
DATE: 15 April 1987

APS/ECONOMIC SECRETARY

cc Mrs Lomax
Mr Andren
Deputy Master

ROYAL MINT: PARLIAMENTARY QUESTION - JOHN WHEELER MP

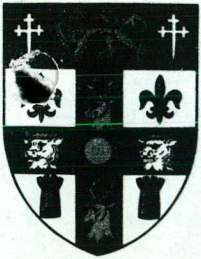
The Chancellor has seen your 10 April minute.

2. He is content with the Economic Secretary's redraft, subject to saying "blind" instead of "visually handicapped".
3. He agrees that the Mint pamphlet should be mentioned in his Trial of the Pyx speech.

A handwritten signature in black ink, appearing to be "A P HUDSON".

A P HUDSON

1. Debbie (o/r)
2. RUP



FROM: A W KUCZYS
DATE: 15 April 1987

DEPUTY MASTER

cc Economic Secretary
Sir P Middleton
Mrs Lomax

The Chancellor has seen your minute of 13 April. He has commented:-

"Well done to all concerned".

A handwritten signature in black ink, appearing to be 'AWK'.

A W KUCZYS
Private Secretary



FROM: P D P BARNES
DATE: 21 April 1987

PS/CHANCELLOR 2

cc Sir P Middleton
Mrs Lomax
Mr Andren

Dr Gerhard -RM

C
Content to have the face
value shown on the
obverse side?

D
22/4

BRITANNIA

The Economic Secretary has seen the Deputy Master's submission to the Chancellor of 14 April.

2. The Economic Secretary has said that the Royal Mint Advisory Committee wanted the value removed from the coin, and he was asked to obtain the Master of the Mint's approval. The Economic Secretary has explained that there are adequate precedents to justify this.

3. The Economic Secretary thinks that, if it is important to the market to have a value on the coin, then he would agree with the Deputy Master that this should override the Advisory Committee's aesthetic concerns.

h
P D P BARNES
Private Secretary



FROM: P D P BARNES
DATE: 21 April 1987

MISS NOBLE

cc PS/Chancellor
Mrs Lomax
Mr Culpin
Mr Pickford
Mr Andren
Mrs Lester
Mr Cropper
Mr Tyrie
Mr Ross Goobey

CHANCELLOR'S SPEECH AT THE TRIAL OF THE PYX, 1 MAY

Mr Hudson's minute of 9 April asked the Economic Secretary to supervise the drafting of the Chancellor's speech for the Trial of the Pyx.

2. I attach a first draft of a speech which the Economic Secretary has dictated over Easter.

3. The Economic Secretary has yet to see the speech in typed form. But in the interest of time I would be grateful for any comments from officials or special advisers by noon tomorrow (Wednesday 22 April) as the Economic Secretary will not be in the office on Thursday.

RB

P D P BARNES
Private Secretary

DRAFT

A few months ago there were various stories in the Press that we had decided to make all sorts of far reaching changes in the coinage, including the introduction of a £5 coin for currency and the abolition of the copper 1p and 2p coins. Needless to say, such stories are quite untrue. What is true, however, is that the Royal Mint does keep all aspects of our coinage under review, its production, its condition in circulation, its suitability to current needs, and so on. As part of that process review, the Mint does from time to time commission research about the consequences of possible changes in the coins and it recently asked Nottingham University to consider a range of possible options if in due course we decided that changes in the coinage were needed.

2. That such change is necessary from time to time is due to many factors: for example, developments in coin usage, with the spread of metres and slot machines, the price and availability of different metals, and changes in the purchasing power of individual coins.

3. Our coinage today consists of three distinct elements. First, there are the old coins, from pre-decimalisation days, the old florin and shilling, or 10p and 5p as they are today. Then there are the 3 new coins introduced as part of the process of decimalisation, the 50p at the upper end of the scale and the 2p and 1p at the lower. Finally, there are the two new coins of recent years, the £1 and the 20p.

4. Although this range of coins^s generally meets the needs of the public, it must be admitted that the relationship between the size and value of individual coins is now somewhat confused, and although members of the public when asked tend to express a preference for large coins rather than smaller ones, equally there is a widespread view that, in pocket or purse, the coinage is collectively too heavy. In part this is a result of the very rapid inflation of the 1970s. Although inflation is now at a much lower level, most of our existing coins took their present size and shape when the purchasing power of their value was much

higher. Indeed, the 10p, though no longer silver, is virtually the same in format as the two shilling piece or florin introduced early in the reign of Queen Victoria, while the 5p or shilling is to all intents and purposes the same coin as was first struck in 1816 when the English currency was completely re-organised after the end of the Napoleonic Wars.

5. Not surprisingly, if further changes in our coinage prove to be needed, the 10p and 5p would be the most likely candidates. The research carried out by Nottingham University for the Royal Mint ~~it~~ was designed to test various possibilities for different sizes and shapes of coins, to see how easily they could be distinguished from each other, and from existing coins. Much of the analysis is very technical, and I understand that those who conducted the research plan to publish their detailed findings. However, I want to encourage all interested parties, not only from industry and commerce, but also from the general public, and also groups which have a special interest such as the blind, to be able to take part in the process of consultation. The Royal Mint are therefore preparing a pamphlet explaining the options for changes in the coinage and drawing on the results of the research which has been carried out. I hope there will be a good response to this public consultation, and I can assure you that no decisions will be taken about what changes should be made in the coinage, or indeed whether any such changes should be made at all, until the result of such consultation have been thoroughly considered.



FROM: G R WESTHEAD
DATE: 22 April 1987

*b f ~~with~~ to Debbie
on 24.4, with
other pprs.*

MISS NOBLE

cc PS/Chancellor 2
Mrs Lomax
Mr Culpin
Mr Pickford
Mr Andren
Mrs Lester
Mr Cropper
Mr Tyrie
Mr Ross Goobey

CHANCELLOR'S SPEECH AT THE TRIAL OF THE PYX, 1 MAY

Further to Mr Barnes' minute of yesterday and as I explained to you over the telephone earlier today, Mr Hudson has pointed out that the Economic Secretary's draft speech does not include any material on the issues outlined in Mr Hall's minute of 30 January.

2. The Economic Secretary has commented that his material on the present state of the coinage was intended merely as part of the speech rather than a whole speech. I am sorry that I was unable to clarify this earlier.

The Economic Secretary has now looked at this again and thinks additional material is needed on:

- (i) Britannia - a fairly sizeable chunk
- (ii) The Queen's award for exports. (This would be a short congratulatory piece).

3. The Economic Secretary also thinks that the unfavourable verdict of the Trial should be commented on in passing. But this would ^{be} a short piece and not a defensive one.

4. The Economic Secretary thinks it would be advisable not to include any material on (i) Copper plating and (ii) Design of the fl.

5. I would be grateful if you would work up material on the issues mentioned in paragraph 2 and produce a consolidated first draft of the speech by early on Friday morning for the Economic Secretary with a side copy to the Chancellor. This should hopefully allow time for the Economic Secretary to comment briefly on the draft speech before it reaches the Chancellor's weekend box.

Guy Westhead.

GUY WESTHEAD

Assistant Private Secretary

W. Andren

FROM: D B ANDREN
Date: 23 April 1987

1. MRS LOMAX *Re 24/4*
2. ECONOMIC SECRETARY

- cc PS/Chancellor
Mr Culpin
Miss Noble
Mr Pickford
Mrs Lester
Mr Cropper
Mr Tyrie
Mr Ross Goobey

CHANCELLOR'S SPEECH AT THE TRIAL OF THE PYX (1 MAY)

I attach a consolidated version of a draft speech including additional material on the Britannia and the Queen's award for exports as requested in Mr Westhead's minute of 22 April.

The Mint would like to make an early announcement of the decision that the face value of the 1 oz version of the coin will be £100. If you agree I suggest you advise the Chancellor to make this announcement in the Trial of the Pyx speech.

As this is likely to be the last time Dr Gerhard appears at the Trial as Deputy Master of the Mint the Chancellor may also want to pay tribute to the excellent financial performance of the Mint during his period of office.

I have included the section of the speech circulated under cover of Mr Barnes minute unchanged (except to split para 5 in two). Since the condition of coins, unlike notes does not deteriorate I did wonder whether it might be better to substitute something like "the number of coins of each denomination in circulation" for "its condition in circulation" in what is now paragraph 8.

6/3/84

Since the press tend to assume from any discussion of coin options that it follows change will come I did also wonder whether you might like to look again at the drafting of what is now para 13: Perhaps something along the following lines might drive the point home and help to act as more of a 'trailer' for the Mint pamphlet.

"13. However, I do attach importance to encouraging all interested parties, not only from industry and commerce, but also the general public and special groups with a special interest such as the blind, to make their views known on the future development of our coinage. As part of this process of consultation I have asked the Royal Mint to prepare a pamphlet explaining the options for change which also draws on the results of the research carried out at Nottingham University. We expect this pamphlet will be published very soon and I hope that there will be a good response to this public consultation. But I can assure everyone that no decisions will be taken about what, if any, changes in the coinage should be made until this process of consultation is completed. I should also stress that one obvious option is no change and that, if the vast majority of people prefer this option, we may well conclude that we should stick with our existing coinage system for the foreseeable future."

D. B. Andren

D B ANDREN

DRAFT SPEECH FOR THE TRIAL OF THE PYX

It is a great pleasure for me, as Master of the Mint, to appear once again at the Trial of the Pyx. As ever we are very grateful to the Goldsmith's company for their excellent hospitality.

2. Adverse verdicts are, of course, extremely rare. I recall that when I first came to one of these occasions as Master of the Mint I noted that in 1318 the then Master of the Mint, Giles de Hertesbergh, was found to have made a silver coin below standard. The poor fellow was not only relieved of his post but also sent to jail for six weeks.

But since in many cases the offending coins were above the required standards
3. I very much hope that neither I nor the Deputy Master will meet with the same fate. [However, just in case neither I nor Dr Gerhard are here next year, I should like to take this opportunity of publicly congratulating Dr Gerhard on the excellent financial performance of the Mint while he has been Deputy Master.] *— Delete if para 4 revised as suggested.*

Revise to tie in Dep Master's period of office with the good financial results + Queen's award for export performance
4. I should [also] take this opportunity of congratulating the Deputy Master and all his staff on winning the Queen's award for export performance for the fourth time. This is a magnificent achievement and well deserved. Although I understand we only have preliminary figures for the Mint's financial results in 1986-87 I was delighted to hear that the Mint have turned in another good set of figures.

le → Although I understand we only have preliminary figures for the Mint's financial results in 1986-87 I was delighted to hear that the Mint has turned in another good set of figures. I should also take this opportunity of congratulating the Deputy Master and all his staff on winning the Queen's award for export performance for the fourth time. This is an impressive achievement and makes a fitting conclusion to Dr Gerhard's period of office as Deputy Master, which will come to an end before we meet here again next year.

5. Up to now the Mint has not been able to take advantage of the increasing interest in the market for 1 oz gold coins since the ~~existing sovereign weighs 0.2354 oz.~~ A number of countries have or are about to issue 1 oz gold coins. The Canadians with their Mapleleaf, for example, and, more recently, the U S Treasury with its Eagle have been able to achieved substantial sales. We have felt for some time the Mint ought to be able to carve out its own niche in this market.

6. It was therefore with ^{much satisfaction} very great pleasure that I ^{was able to} announced on 11 March that Her Majesty the Queen had been graciously pleased to approve my recommendation that the Mint should issue a new 1 oz bullion coin to be known as the Britannia later this year. This has generated a good deal of interest both in this country and overseas.

7. While final decisions on the design of the coin have yet to be taken, the obverse will feature a suitable design of the Britannia. The Mint hope to publish full design details very soon. Meanwhile, I am very pleased to be able to announce today that the face value of the 1 oz version of the coin will be £100 though I do not imagine they will be used as legal tender. ^{and the} The smaller er denominations will have a face value of £50, £25 and £10.

8. A few months ago there were various stories in the Press that we had decided to make all sorts of far reaching changes in the coinage, including the introduction of a £5 coin and the abolition of the copper 1p and 2p coins. Needless to say, such stories were quite untrue. What is true, however, is that the Royal Mint does keep all aspects of our coinage under constant review, its production, its condition in circulation, its

suitability to current needs and so on. As part of that process the Mint does from time to time commission research about the consequences of possible changes in the coins and it recently asked Nottingham University to consider a range of possible options if in due course we decided changes in the coinage were needed.

9. That such change is necessary from time to time is due to many factors: for example, developments in coin usage, the spread of meters and slot machines, the price and availability of different metals, and changes in the purchasing power of individual coins.

10. Our coinage today consists of three distinct elements. First, there are the old coins, from pre-decimalisation days, the old florin and shilling, or the 1p and 5p as they are known today. Then there ^{are} the three new coins introduced as part of the process of decimalisation, the 50p at the upper end of the scale and the 2p and 1p at the lower. Finally, there are the two new coins of recent years, the f1 and 20p.

11. Although this range of coins generally meets the needs of the public, it must be admitted that the relationship between the size and value of individual coins is now somewhat confused and, although members of the public when asked tend to express a preference for large coins rather than smaller ones, equally there is a widespread view that, in pocket or purse, the coinage is collectively too heavy. In part this is a result of the very rapid inflation of the 1970's. Although inflation is now at a much lower level, most of our existing coins took their present

size and shape when their purchasing power was much higher. Indeed, the 10p, though no longer silver, is virtually the same in format as the two shilling piece or florin introduced early in the reign of Queen Victoria, while the 5p or shilling is to all intents and purposes the same coin as was first struck in 1816 when the English currency was completely re-organised following the Napoleonic Wars.

PJC suggests it wd be useful to state value of Florin + perhaps include reference to how many loaves of bread a florin wd purchase in the Victorian age.

12. Not surprisingly, if further changes in our coinage prove to be needed, the 10p and 5p would be the most likely candidates. The research carried out by Nottingham University was designed to test various possibilities for different sizes and shapes of coins, to see how easily they could be distinguished from each other and from existing coins. Much of the analysis is very technical, and I understand that those who conducted the research plan to publish their detailed findings.

13. However, I want to encourage all interested parties, not only from industry and commerce, but also from the general public and also groups with a special interest such as the blind, to be able to take part in the process of consultation. The Royal Mint are therefore preparing a pamphlet explaining the options for changes in the coinage and drawing on the results of the research which has been carried out. I hope there will be a good response to this public consultation, and I can assure you that no decisions will be taken about what changes should be made in the coinage, or indeed whether any such changes should be made at all, until the result of such consultation have been thoroughly considered.



FROM: P D P BARNES
DATE: 21 April 1987

MISS NOBLE /G

cc PS/Chancellor
Mrs Lomax
Mr Culpin
Mr Pickford
Mr Andren
Mrs Lester
Mr Cropper
Mr Tyrie
Mr Ross Goobey

CHANCELLOR'S SPEECH AT THE TRIAL OF THE PYX, 1 MAY

Mr Hudson's minute of 9 April asked the Economic Secretary to supervise the drafting of the Chancellor's speech for the Trial of the Pyx.

2. I attach a first draft of a speech which the Economic Secretary has dictated over Easter.

3. The Economic Secretary has yet to see the speech in typed form. But in the interest of time I would be grateful for any comments from officials or special advisers by noon tomorrow (Wednesday 22 April) as the Economic Secretary will not be in the office on Thursday.

PB

P D P BARNES
Private Secretary

DRAFT

A few months ago there were various stories in the Press that we had decided to make all sorts of far reaching changes in the coinage, including the introduction of a £5 coin for currency and the abolition of the copper 1p and 2p coins. Needless to say, such stories are quite untrue. What is true, however, is that the Royal Mint does keep all aspects of our coinage under review, its production, its condition in circulation, its suitability to current needs, and so on. As part of that process review, the Mint does from time to time commission research about the consequences of possible changes in the coins and it recently asked Nottingham University to consider a range of possible options if in due course we decided that changes in the coinage were needed.

2. That such change is necessary from time to time is due to many factors: for example, developments in coin usage, with the spread of metres and slot machines, the price and availability of different metals, and changes in the purchasing power of individual coins.

3. Our coinage today consists of three distinct elements. First, there are the old coins, from pre-decimalisation days, the old florin and shilling, or 10p and 5p as they are today. Then there are the 3 new coins introduced as part of the process of decimalisation, the 50p at the upper end of the scale and the 2p and 1p at the lower. Finally, there are the two new coins of recent years, the £1 and the 20p.

4. Although this range of coins^s generally meets the needs of the public, it must be admitted that the relationship between the size and value of individual coins is now somewhat confused, and although members of the public when asked tend to express a preference for large coins rather than smaller ones, equally there is a widespread view that, in pocket or purse, the coinage is collectively too heavy. In part this is a result of the very rapid inflation of the 1970s. Although inflation is now at a much lower level, most of our existing coins took their present size and shape when the purchasing power of their value was much

higher. Indeed, the 10p, though no longer silver, is virtually the same in format as the two shilling piece or florin introduced early in the reign of Queen Victoria, while the 5p or shilling is to all intents and purposes the same coin as was first struck in 1816 when the English currency was completely re-organised after the end of the Napoleonic Wars.

5. Not surprisingly, if further changes in our coinage prove to be needed, the 10p and 5p would be the most likely candidates. The research carried out by Nottingham University for the Royal Mint it was designed to test various possibilities for different sizes and shapes of coins, to see how easily they could be distinguished from each other, and from existing coins. Much of the analysis is very technical, and I understand that those who conducted the research plan to publish their detailed findings. However, I want to encourage all interested parties, not only from industry and commerce, but also from the general public, and also groups which have a special interest such as the blind, to be able to take part in the process of consultation. The Royal Mint are therefore preparing a pamphlet explaining the options for changes in the coinage and drawing on the results of the research which has been carried out. I hope there will be a good response to this public consultation, and I can assure you that no decisions will be taken about what changes should be made in the coinage, or indeed whether any such changes should be made at all, until the result of such consultation have been thoroughly considered.

FROM: G R WESTHEAD
DATE: 22 April 1987

MISS NOBLE

cc PS/Chancellor
Mrs Lomax *g*
Mr Culpin *g*
Mr Pickford
Mr Andren
Mrs Lester
Mr Cropper
Mr Tyrie
Mr Ross Goobey

CHANCELLOR'S SPEECH AT THE TRIAL OF THE PYX, 1 MAY

Further to Mr Barnes' minute of yesterday and as I explained to you over the telephone earlier today, Mr Hudson has pointed out that the Economic Secretary's draft speech does not include any material on the issues outlined in Mr Hall's minute of 30 January.

2. The Economic Secretary has commented that his material on the present state of the coinage was intended merely as part of the speech rather than a whole speech. I am sorry that I was unable to clarify this earlier.

The Economic Secretary has now looked at this again and thinks additional material is needed on:

- (i) Britannia - a fairly sizeable chunk
- (ii) The Queen's award for exports. (This would be a short congratulatory piece).

3. The Economic Secretary also thinks that the unfavourable verdict of the Trial should be commented on in passing. But this would ^{be} a short piece and not a defensive one.

4. The Economic Secretary thinks it would be advisable not to include any material on (i) Copper plating and (ii) Design of the fl.

5. I would be grateful if you would work up material on the issues mentioned in paragraph 2 and produce a consolidated first draft of the speech by early on Friday morning for the Economic Secretary with a side copy to the Chancellor. This should hopefully allow time for the Economic Secretary to comment briefly on the draft speech before it reaches the Chancellor's weekend box.

Guy Westhead.

GUY WESTHEAD

Assistant Private Secretary



Alex
24/4/87
mg

MR GUY WESTHEAD

cc APS/Master of the Mint
(Mrs C A Ryding)
Deputy Master

TRIAL OF THE PYX - 1 MAY MASTER OF THE MINT'S SPEECH

In accordance with normal practice the Deputy Master has asked me to let you have the following information about the Royal Mint trading performance for possible use in the Master of the Mint's Pyx speech.

1. Forecast Outturn

NOTE: Any reference must be to "forecast" or "expected" so as to avoid a breach of Parliamentary privilege.

| | | | |
|--------|--|---|--------------|
| 1986/7 | Sales | - | £68m |
| | Exports | - | £46m (67.6%) |
| | Historic profit before interest - in excess of £6.5m | | |
| | Historic return on net assets - 19.3% | | |

2. The Royal Mint was awarded its fourth Queen's Award for Exports on 21 April.

3. Britannia

As announced on 11 March 1987 there will be four denominations:

| | | | |
|--------|-----------|------|------------|
| 1oz | fine gold | £100 | face value |
| ½oz | fine gold | £50 | face value |
| ¼oz | fine gold | £25 | face value |
| 1/10oz | fine gold | £10 | face value |

The coin is to be launched in the Autumn. Proof versions will be issued. The design has yet to be finally settled.

4. Pyx Verdict

As the Master of the Mint already knows 15,000 £1 silver piedfort coins were found to be slightly overweight. The entire 15,000 coins contain an excess of silver equivalent to £37.60, which compares with a profit in excess of £250,000 on a sales value of £445,000.

The Queen's Remembrancer has been informed of the situation and intends only to make a minor reference to the matter. The Clerk of the Goldsmiths Company will be sending an advance copy of the Queen's Remembrancer's speech to the Master of the Mint.

5. UK Coinage

It is understood that the Master has in mind to base much of his speech on the draft summary pamphlet of the Nottingham University research. You already have a copy but please let us know if you require any additional information.

Linda Viner

LINDA VINER
BOARD SECRETARY

24 April 1987

ow



FROM: MRS D C LESTER

DATE: 24 April 1987

APS/ECONOMIC SECRETARY

cc Sir P Middleton
Mrs Lomax
Miss Noble
Mr Andren
Dr Gerhard - Royal Mint

BRITANNIA

The Chancellor was grateful for the Economic Secretary's and the Deputy Master's comments. He is content to have the face value shown on the obverse side of the coin.

Debbie Lester

DEBBIE LESTER



Ch

This needs some
work to turn it
into text for you to
deliver. But are
you content with broad
line (too sure to
Gerhard @ beginning?!)

AM

2
 I attach the draft
 speech for the Trial
 of the Pyx.
 Andrew has not yet
 seen it but the
 EST + Rachel have.



FROM: G R WESTHEAD
 DATE: 24 April 1987

PS/MASTER OF THE MINT

Are you generally content
 with the way it
 is shaping up?

cc Mrs Lomax
 Mr Culpin
 Miss Noble
 Mr Pickford
 Mr Hudson
 Mr Cropper
 Mr Tyrie
 Mr Ross Goobey

D
 24/4

MASTER OF THE MINT'S SPEECH AT THE TRIAL OF THE PYX (1 MAY)

Mr Andren's minute to the Economic Secretary of today's date covered a draft speech.

2. The Economic Secretary is generally content with the speech, but has a few comments and suggested alterations that the Master of the Mint might like to consider. These are below and a copy of the draft speech (unrevised) is attached. (top copy only)

I have marked them
 on CR

Paragraph 3.

The Economic Secretary suggests adding to the first sentence so that it would read:

"But since, in any case, the offending coins were above the required standard, I very much hope that neither I nor the Deputy Master will meet with the same fate".

Paragraph 4.

The Economic Secretary suggests a revision to this paragraph which the Master of the Mint might like to consider if he wants to tie in the Deputy Master's period of office with the good financial results and the Queen's award for export performance. If it were adopted, Mr Andren's bracketed sentence in paragraph 3 would be dropped.

should be inserted before "the three new coins" in the third sentence.

Paragraph 11

The Economic Secretary would prefer "larger" rather than "large" in line 5.

Mr Cropper has also suggested that it would be useful to state the value of the florin in the final sentence of the paragraph and perhaps to include a reference to how many loaves of bread a florin would purchase in the Victorian age.

3. The Economic Secretary has no further comments on the draft speech and would prefer to keep the present paragraph 13 as drafted by him rather than redraft it along the lines suggested by Mr Andren. Although Mr Andren's intentions were very admirable, he thinks that to reinforce the no - change option could well prove to be counter-productive, if small changes in the coinage are entertained at a later date.

Guy Westhead .

GUY WESTHEAD

Assistant Private Secretary

Paragraph 4 would then run:

"Although I understand we only have preliminary figures for the Mint's financial results in 1986-87 I was delighted to hear that the Mint has turned in another good set of figures. I should also take this opportunity of congratulating the Deputy Master and all his staff on winning the Queen's award for export performance for the fourth time. This is an impressive achievement and makes a fitting conclusion to Dr. Gerhard's period of office as Deputy Master, which will come to an end before we meet here again next year".

Paragraph 5

The Economic Secretary suggests deleting all after "1 oz gold coins" in the first sentence. In the third sentence, he suggests amending "... the US Treasury with its Eagle have been able to achieve substantial sales" to "... have achieved substantial sales".

Paragraph 6

The Economic Secretary suggests a slightly different opening to the first sentence. This would read:

"It was therefore with much satisfaction that I was able to announce on 11 March that ...".

Paragraph 7

The Economic Secretary suggests amending the rest of the paragraph after "Meanwhile" so that it would read:

"Meanwhile, I am able to announce today that the face value of the 1 oz version of the coin will be £100 and the small denominations will have a face value of £50, £25 and £10.

Paragraph 10

There are a couple of errors here. It should of course be the "10p" which is referred to in sentence 2 not "1p" and "are"

I think there is the basis of a short
speech here.

Synopsis:

1. Baited reference to boorishness of
previous Prime Minister last year
2. Been coming here for some yrs, always
hoping to stably complement of the
visit wd be enticed by ^{some} ~~direction~~
of fallibility; but never happens.
Now, at last, it has.
3. But it is not because of that that
this is ~~John~~ Minister's last appearance
at ~~the~~ the top of the Pyx. (Lead into
tribute to Graham + Q's award.)
4. Cornage not a realistic subject - a
matter of absolute interest to the public.
(Lead into improved version of paras 6-13)
(PDC is right: shd say what form was
with a 6-day's notice when 1st reviewed
in 18?? - as first passy in 18th century,
I believe: shd say a bit abt that - a pattern
~~the~~ (wh what shd say with a 6-day's

Monday when 1st introduced in 1876.)

5. Butanna section - improved version of
paras 5-7.

6. Brief inclusion - very brief: policy just the
press release work, of course, for ^{customer} "Thank you!"
confined to sections 4 & 5 above.

PS. 1 PS. 2 PS. 3 PS. 4 PS. 5 PS. 6 PS. 7 PS. 8 PS. 9 PS. 10
as soon as the income tax spec is
complete.

XL

PS. 1 what
happens to get here
before starts work on it
to give a fuller story
of that what helps.
on.

1 Dobbie
2 C

FROM: T J DAVIES

DATE: 24 April 1987

Thank:

APS/CHANCELLOR

THE MINT PAMPHLET: DRAFT CONSULTATION PAPER ON THE FUTURE OF THE COINAGE

The Chancellor asked when the draft consultation paper on the above would be ready for him to see.

2. The paper, having received the Special Advisor's comments, will shortly be passed to Dr Gerhard, the Deputy Master of the Royal Mint, for his final comments.

3. It is expected that the Economic Secretary will be in a position to forward the final Paper to the Chancellor within 1/2 weeks.



T J DAVIES

Tony ^{MSB} Pse find out

9

Standard "change in coinage" reply.

*

When will the draft

consolidate paper for

use for the book? ~

CR 2314



Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

The Rt Hon John Morris QC MP
House of Commons
LONDON
SW1A 0AA

24 April 1987

A handwritten signature in cursive script, appearing to read 'John Morris'.

Thank you for your letter of 15 April on behalf of a constituent who enquires about possible changes in our coinage.

I should point out at once that there are no plans at present to scrap the 1p and 2p coins or to replace any existing coins with ones of smaller size.

The Royal Mint have a continuing programme of research into all aspects of our coinage. One objective of the recent research at Nottingham University was to identify how readily members of the public, including the visually handicapped and elderly, could differentiate between coins of different shape, size and colour.

I hope your constituent will be reassured by what I have said. Of course, the Government keeps all options under constant review. In particular we are aware that many people think our existing coinage is rather heavy and that it might be sensible in due course to replace some of our existing coins with lighter and smaller versions. But, as I have said, the Government have no plans at present to introduce any new coins. Any change would only take place after consultation with all interested parties from industry and commerce as well as the general public, including in particular the blind and visually handicapped.

A handwritten signature in cursive script, appearing to read 'Nigel Lawson'.

NIGEL LAWSON

UNCLASSIFIED

ppp



FROM: MRS D C LESTER

DATE: 26 April 1987

MR J DAVIS

ROYAL MINT: DRAFT CONSULTATION PAPER ON THE FUTURE OF THE COINAGE

The Chancellor was grateful for your minute of 24 April.

Debbie Lester

MRS D C LESTER
Diary Secretary

FACS Treasury

01 839 2029

Debbie

12-03 p-

27-4-87. *[Signature]*



NOTE.

Sptk to B/O Gerhard - confirmed ex wld mention Britannia. Said he wld like to approve a draft press release asap & asked Mint Press office to ring Stephen Pickford.

DL
27/4

MRS C A RYDING
APS/MASTER OF THE MINT

cc Mr Westhead
(APS/Economic Secretary)

Mr Andren - Try

Mr Gravenor - RM

Would you please let me know if the Master of the Mint intends to make any reference to the Britannia in his Pyx speech which might be newsworthy. I have in mind in particular the possibility that he may announce that the face value of the loz coin is to be £100. In such a circumstance we should have a press release prepared for issue immediately following the luncheon.

Verlie Hill

[Signature] DEPUTY MASTER
27.4.87

DICTATED BY THE DEPUTY MASTER AND SIGNED IN HIS ABSENCE

FACS Treasury

01 839 0009



Debbie

12-03 p-

27-4-87. JB

NOTE.

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DL
27/4

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APS/MASTER OF THE MINT

cc Mr Westhead
(APS/Economic Secretary)

Mr Andren - Try

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Verlie Hill

fo DEPUTY MASTER
27.4.87

Dictated by the Deputy Master and signed in his absence

Fax. copy dealt with.

DL
28/4



MRS C A RYDING
APS/MASTER OF THE MINT

cc Mr Westhead
(APS/Economic Secretary)
Mr Andren - Try
Mr Gravenor - RM

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Valie Hill

fo DEPUTY MASTER
27.4.87

DICTATED BY THE DEPUTY MASTER AND SIGNED IN HIS ABSENCE



H M Treasury

Parliament Street London SW1P 3AG

Switchboard 01-270 3000
Direct Dialling 01-270 4360

cc PPS — *MP*
PS/Economic Secretary
Mr Cassell
Mr Kemp
Mr C D Butler
Mrs Lomax
Miss Noble
Mr Andren

Sir Peter Middleton KCB
Permanent Secretary

Sir Robert Armstrong GCB CVO
Cabinet Office
70 Whitehall
LONDON
SW1

27 April 1987

Dear Robert,

DEPUTY MASTER AND COMPTROLLER OF THE ROYAL MINT

Jeremy Gerhard is due to retire at the end of the year. We have consulted the Chancellor about this and he is minded to choose a successor by open competition. Civil Servants would of course be free to apply. The post is very much sui generis, and there is much to be said for trawling the talent available. An advertisement on the lines of the attached would seem to us to be what is needed. I should be grateful to know if you and Dennis Trevelyan to whom I am copying this, are content to proceed in this way and whether either of you have comments on the procedure or the advertisement.

Yours etc,
P

P E MIDDLETON

THE ROYAL MINT: DEPUTY MASTER AND COMPTROLLER

The Deputy Master and Comptroller of the Royal Mint is the Mint's Chief Executive, responsible to the Master of the Mint (the Chancellor of the Exchequer). The present Deputy Master is due to retire shortly, and a successor is sought.

The Mint operates as a Government trading fund in accordance with the Government Trading Funds Act 1973. In general terms, it is a public sector body financed and run as far as possible on commercial lines.

The Mint manufactures and issues standard coin for the United Kingdom, and is a substantial exporter of both standard and collector coin, medals, seals and related products. Total annual turnover is around £75 million and overseas sales are about £50 million. It has a modern manufacturing facility at Llantrisant, employing 980 people.

The successful candidate for this unique and demanding post will be responsible for the commercial and financial performance of the Mint, and will be the main source of advice to Ministers on the coinage. He or she will be expected to offer a mix of proven commercial and representational skills, as well as political awareness and a capacity for strategic planning. The successful candidate will probably be aged 45-55. The appointment will be for five years initially, and can be based in London or Llantrisant.

Salary will be within the scale of £33,725 to £36,852 per annum, rising to £34,000 to £37,000 on 1 October 1987. Pension benefits are non-contributory, other than 1½% for family benefits. A higher salary may be considered, if necessary, for a candidate of exceptional qualifications or experience.

Candidates from both inside and outside the Civil Service are invited to apply.

Further details and application forms can be obtained from
[].

UNCLASSIFIED

FROM: D B ANDREN
Date: 29 April 1987

1. MISS NOBLE *C. J. Noble*
2. PS/ECONOMIC SECRETARY

PPS/Chancellor
cc Mrs Lomax o.r.
Mr Culpin
Mr Hudson
Mr Cropper
Mr Tyrie
Mr Ross Goobey

Deputy Master

SPEECH AT THE TRIAL OF THE PYX

We have the following comments on the draft speech attached to Mr Allan's minute of 29 April.

The second paragraph refers to the adverse verdict. We have not yet seen a draft of the Queen's Remembrancer's speech. It would be as well to look at this again when we know what he is going to say. If necessary it may be desirable to say something about the amounts involved being trivial (see para 1 of the Deputy Master's minute of 12 March - copy attached).

Given the sensitivities about retirement dates, the need for consultation and because we do not know for certain who or when the next Deputy Master will be appointed it would be as well to say "this is likely to be the Deputy Master's last appearance".

I have spoken to the Deputy Master about Ms Viner's minute of 24 April (copy attached). There would be no objection to including a figure for profits in the fourth paragraph though the official Treasury prefer not to use figures for return on assets quoted in

historic cost terms. If the Chancellor wished to do so he could, without breaching Parliamentary privilege, say in the penultimate sentence of paragraph 4 "with profits expanding to about £7 million".

We have consulted the CSO about the value of the florin and shilling when first introduced. In 1816 when the shilling was introduced £1 was worth £26.28 in today's prices. In 1849 when the florin was introduced £1 was worth £34.42 (because of deflation). Thus the last two sentences of the ninth paragraph might read:

"When the two shilling piece was introduced in 1849 it was worth £3.42 in today's prices. And the shilling was worth £1.31 - again in today's prices."

However, the audience might find this a bit confusing and it might be best to leave out the value of the shilling as the point is perfectly well made with the example of the two shilling alone.

In the first paragraph on page 6 the draft says full design details of the Britannia will be issued "shortly". The Deputy Master feels this could tie the Mint down to a date in the very near future and would prefer to substitute "later" for shortly. This seems sensible.

I am attaching draft notes for editors to this minute. The Mint will be providing further details about the Britannia separately as part of their marketing exercise following the announcement that the face value of the coin will be £100. I also attach a longer note about the Trial of the Pyx which the Press Office may like to have to hand. Mr Culpin will also want to be aware that

the Mint telephone number quoted in the notes for editors is a daytime telephone number. I suggest Duty Press officers over the weekend make sure they have evening telephone numbers of Mint officials as I could not raise anyone at the Mint late in the evening last week when Mr Towers called me at home in connection with a question on the Britannia.

D. B. Andren

D B ANDREN

NOTES FOR EDITORS

The Trial of the Pyx is an examination by a jury to ascertain that the gold, silver and cupro-nickel coins made by the Royal Mint are of the proper weight, diameter and composition required by law. The trial is of very ancient origin. It is thought that some kind of trial took place in Saxon or even possibly Roman times. The earliest known writ ordering a trial is dated 1282.

The Chancellor of the Exchequer announced the decision to issue a new bullion coin containing 1 oz of fine gold, to be called, the Britannia, together with bullion coins of smaller denominations on 11 March 1987. Further information can be obtained from the Royal Mint (Joe Cussen, Tel. 0443-222111 Ext 324).



Royal Mint

7 Grosvenor Gardens, London, SW1W 0BH. Telex 267321 Telephone 01 828 8724-8

NEWS RELEASE

NEW UNITED KINGDOM GOLD BULLION COIN

THE BRITANNIA

The Chancellor of the Exchequer and Master of the Mint, The Rt Hon Nigel Lawson MP, made the following statement today in answer to a written Parliamentary Question concerning Government plans to issue a new UK bullion coin:

"Her Majesty the Queen has been graciously pleased to approve my recommendation, as Master of the Mint, that a new bullion coin containing 1 oz of fine gold be issued, to be called the Britannia, together with bullion coins of smaller denominations."

The Britannia will be available in four denominations in 22ct gold; 1 ounce, $\frac{1}{2}$ ounce, $\frac{1}{4}$ ounce, and $\frac{1}{10}$ ounce. These coins will all be legal tender.

The 1 ounce Britannia will be available later this year, with the additional denominations available shortly thereafter. The price of the coins will be based on the gold price on the day that the Britannia is purchased, plus a competitive premium.

The new Britannias will bear an approved portrait of Her Majesty The Queen on the obverse. The reverse design will feature Britannia.

11 March 1987



MASTER OF THE MINT

16/3

| | | | |
|----|-----------------------|---|-----|
| cc | PS/Economic Secretary |) | Try |
| | Mr Hall ✓ |) | |
| | Mr Gravenor |) | R M |
| | Mr Hepburn |) | |

TRIAL OF THE PYX - VERDICT

I understand informally from the Goldsmiths that one of the denominations submitted to this year's Trial of the Pyx has been found to be slightly out of specification, though not to an extent which need cause any embarrassment. The coin in question is the £1 silver piedfort (double thickness), 15000 of which were sold and which the Pyx tests show to be overweight with the result that each coin, selling at £37.95, contains on average an excess of silver to a value of 0.25p, or for the entire 15,000 coins an amount equivalent to £37.60, which compares with a profit on the sales in excess of £250,000.

When, in 1967, we last faced an adverse Trial of the Pyx verdict it was the jocular yet tactless remarks by the Queen's Remembrancer which were the source of embarrassment to the then Master of the Mint, rather than the verdict as such which showed a slight overweight in the Maundy Coin. In the present instance I am reasonably sure that the Goldsmiths will be able to persuade the Queen's Remembrancer to avoid such a situation. The adverse verdict itself will almost certainly go unnoticed since it will be buried in a mass of verbiage read aloud by the Clerk. However, the Queen's Remembrancer normally comments on the verdict (in his speech before the Trial is adjourned for lunch) and the Goldsmiths are certainly prepared to brief him to put the deviation from standard in the context of the miniscule amount of silver which our customers received gratuitously. There would be no need for you or the Prime Warden to refer to the matter in your luncheon speeches, although you would of course be perfectly free to do so.

We have identified the source of the problem which, ironically, would have cost £4,500 to remedy.

Are you content for me to seek the co-operation of the Goldsmiths in briefing the Queen's Remembrancer?

D.J.G.

D J GERHARD
DEPUTY MASTER

12 March 1987

01- ~~2023~~ - ~~5000~~ 839-20219 (2 pages)
 9.40am 27/4/87



MR GUY WESTHEAD

cc APS/Master of the Mint
 (Mrs C A Ryding)
 Deputy Master

TRIAL OF THE PYX - 1 MAY MASTER OF THE MINT'S SPEECH

In accordance with normal practice the Deputy Master has asked me to let you have the following information about the Royal Mint trading performance for possible use in the Master of the Mint's Pyx speech.

1. Forecast Outturn

NOTE: Any reference must be to "forecast" or "expected" so as to avoid a breach of Parliamentary privilege.

| | | | |
|--------|--|---|--------------|
| 1986/7 | Sales | - | £68m |
| | Exports | - | £46m (67.6%) |
| | Historic profit before interest - in excess of £6.5m | | |
| | Historic return on net assets - 19.3% | | |

2. The Royal Mint was awarded its fourth Queen's Award for Exports on 21 April.

3. Britannia

As announced on 11 March 1987 there will be four denominations:

1oz fine gold £100 face value
 ½oz fine gold £50 face value
 ¼oz fine gold £25 face value
 1/10oz fine gold £10 face value

The coin is to be launched in the Autumn. Proof versions will be issued. The design has yet to be finally settled.

4. Pyx Verdict

As the Master of the Mint already knows 15,000 £1 silver piedfort coins were found to be slightly overweight. The entire 15,000 coins contain an excess of silver equivalent to £37.60, which compares with a profit in excess of £250,000 on a sales value of £445,000.

The Queen's Remembrancer has been informed of the situation and intends only to make a minor reference to the matter. The Clerk of the Goldsmiths Company will be sending an advance copy of the Queen's Remembrancer's speech to the Master of the Mint.

5. UK Coinage

It is understood that the Master has in mind to base much of his speech on the draft summary pamphlet of the Nottingham University research. You already have a copy but please let us know if you require any additional information.

Linda Viner

LINDA VINER
BOARD SECRETARY
24 April 1987

COPY POSTED

4.30pm

24/4/87.

L. Viner



THE TRIAL OF THE PYX

The Trial of the Pyx is an examination by a jury to ascertain that the gold, silver and cupro-nickel coins made by the Royal Mint are of the proper weight, diameter and composition required by law.

The Trial of the Pyx is of very ancient origin; there is reason to believe that an examination of the justness of the coinage of this country by assay and comparison with trial plates was practised as early as Saxon, or perhaps even Roman times, and there is record of a public Trial in the year 1248 before the Barons of the Exchequer by a jury of "Twelve discreet and lawful Citizens of London with twelve skilful Goldsmiths of the same place". The earliest known writ ordering a trial is dated 1282.

The Trial which is presided over by the Queen's Remembrancer is carried out annually in accordance with a direction issued by the Treasury. The jury consists of Freemen of the Goldsmiths' Company.

For the purposes of the Trial a specified number of coins is required to be placed in the Pyx, or box, and produced by the Officers of the Mint. In the case of cupro-nickel coins, for example, from every 5,000 coins manufactured one must be put in the Pyx. Officers of the National Weights and Measures Laboratory of the Department of Trade produce the standard trial plates of gold, silver, copper and nickel and the weights for use in the Trial.

The jurymen first check the number and denomination of the coins to see that the proper number has been produced, and then weigh the coins in bulk, as well as selected specimens, to ascertain that the average weight of the coins is within the "remedy" or tolerance allowed by law. They then carry out assays to test accurately the fineness or composition of the metal by comparison with the standard trial plates, and to ensure that it is within the prescribed tolerance. They also measure the diameters of selected coins to ascertain whether they are within the tolerance allowed.

The verdict of the Jury is delivered to the Queen's Remembrancer in May in the presence of the Chancellor of the Exchequer, who is Master of the Mint, or of his Deputy, and is subsequently published in the *London Gazette*.



FROM: A C S ALLAN

DATE: 29 April 1987

PS/ECONOMIC SECRETARY

cc Mrs Lomax
Mr Culpin
Miss Noble
Mr Andren
Mr Hudson
Mr Cropper
Mr Tyrie
Mr Ross Goobey
Deputy Master
of the Mint

SPEECH AT THE TRIAL OF THE PYX

The Chancellor was most grateful for the Economic Secretary's and Mr Andren's work on the draft speech for the Trial of the Pyx. I now attach a revised draft which incorporates his comments (though he will want to do some further work on the detailed drafting).

2. I should be grateful for any comments by close of play tonight.

3. As you will see, the Chancellor agreed with Mr Cropper that it would be useful to give the estimates of the purchasing power of the florin and shilling when they were first introduced. I should be grateful if Mr Andren could investigate urgently what the figures should be.

4. The Chancellor wishes to issue the sections of the speech dealing with the Nottingham University research and the Britannia, as a Treasury press release. I have separately asked Mr Andren to prepare drafts of an appropriate Notes for Editors and any other material necessary.

ACSA

A C S ALLAN

DRAFT SPEECH FOR THE TRIAL OF THE PYX

May I start by thanking the Prime Warden for his kind words of welcome. I have to say that I found his comments much more agreeable than those of his predecessor last year. May I also thank the Goldsmiths Company for their hospitality.

This is the [fourth] time I have attended the Trial of the Pyx, and I had always hoped that the stately complacency of the verdict would be enlivened by some display of fallibility. Up till now, that had never happened. Now, at last, it has.

Adverse verdicts are extremely rare, as the Queen's Remembrancer reminded us. And they have in the past led to some severe punishments. When I first attended a Trial as Master of the Mint, I noted that in 1318 the then Master of the Mint, Giles de Hertesbergh, was found to have made a silver coin below standard. He was relieved of his post and sent to jail for six weeks. History does not record what happened to his deputy.

I trust the same fate will not befall me. And I am glad to say that it is not because of the adverse verdict that this is the Deputy Master's last appearance at the Trial of the Pyx. Indeed, I should like to take this

opportunity of congratulating him on what he has achieved in his time at the Mint. Although we have only preliminary figures for the Mint's financial results in 1986-87, it is already clear that the Mint has had another successful year, with profits expanding further. And the Deputy Master and all his staff are to be congratulated on winning the Queen's Award for Export Performance for the fourth time.

Nottingham Research

Although the public might be bemused by this ceremony - with its obscure title and its somewhat outlandish garb - coinage is certainly not a recondite subject. Indeed it is a matter of absorbing interest to the public. That is why the stories circulating a few months ago that we had decided to make all sorts of far-reaching changes to the coinage attracted such attention in the press and elsewhere. The wilder speculation included suggestions that we had decided to introduce a £5 coin and to abolish the 1p and 2p coins. Needless to say, such stories were completely untrue.

The basis for these stories seems to have been a research project commissioned by the Mint, and carried out by Nottingham University. It looked into some of the possible options if we were to decide that changes in the coinage were needed. The Mint does, rightly, keep a close watch on all aspects of the coinage: whether we are using the best production methods; whether the

present coinage is suited to current needs, and so on. The Nottingham University research was commissioned as part of that process.

Most people are - perfectly understandably - reluctant to see any change in the coinage they have grown used to. But change is needed from time to time, for example to reflect changes in the use made of coins in meters and slot machines, changes in the price and availability of different metals, or changes in the purchasing power of individual coins.

Our coinage today seems generally to meet the needs of the public. But the relationship between the size and the value of individual coins is certainly rather confused. That is because the coins we have date from three very different periods. First, there are the old florin and shilling - the 10p and 5p - which date back from well before decimalisation; indeed the 10p, though no longer silver, is virtually the same in format as the two shilling piece originally introduced early in the reign of Queen Victoria as part of a much earlier move towards decimalisation [can we say any more about this?]. And the shilling is even older: it is to all intents and purposes the same coin as the one first struck in 1816 when the English currency was completely reorganised following the Napoleonic Wars. The second group of coins is the three new ones introduced at the time of decimalisation in 1971: the 50p, the 2p and the 1p.

Finally, we have the two new coins of recent years, the £1 and the 20p.

One widespread view expressed about the present coinage is that it is collectively too heavy. This view is not always easy to reconcile with the equally widely expressed preference for larger coins rather than smaller ones. But it is perfectly understandable given the substantial erosions in purchasing power since some of the older coins were first introduced. Much of this erosion in value stemmed from the very rapid inflation of the 1970s. Even though we have now brought inflation down to its lowest level for nearly 20 years, the value of individual coins is very far below what it was when they were introduced. When the two shilling piece was introduced in 18[], it was worth £x in today's prices. And the shilling was worth £y when it was first struck in 1816.

It is not surprising that if further changes to our coinage prove to be needed, the 10p and 5p are the most likely candidates. The research carried out by Nottingham University was designed to test various different possible sizes and shapes, to see how easily they could be distinguished from each other and from existing coins.

The Royal Mint is preparing a pamphlet explaining the results of this research and the options for changes in

the coinage, so as to provide an opportunity for public consultation. I hope that everyone - not just industry and commerce but also the general public and groups with a special interest such as the blind - will take part, and let us have their views. I can assure you that we will not take any decisions about what changes should be made to the coinage, or indeed whether any changes should be made at all, until we have had a chance to consider thoroughly the views and comments we receive.

The Britannia

There is one other new development on the coinage, which I announced recently. The Mint has not been able up until now to take advantage of the increasing demand for 1 oz gold coins. Several other countries have done so. The Canadians have issued a 1 oz coin - the Maple Leaf - and, more recently, the US Treasury issued a 1 oz coin known as the Eagle. Both have achieved substantial sales. We have felt for some time that the Mint should be able to take advantage of the opportunities in this market.

It was therefore with much satisfaction that I was able to announce on 11 March that her Majesty the Queen had been graciously pleased to approve my recommendation that the Mint should issue a new 1 oz bullion coin later this year, to be known as the Britannia. I am pleased to say this has generated a considerable interest both here and overseas.

We have not yet taken final decisions on the design of the coin, but I can say now that the obverse will feature a suitable design of Britannia. The Mint will be publishing full design details shortly. Meanwhile, I am able to announce today that the face value of the 1 oz version of the coin will be £100 and that the small denominations will have a face value of £50, £25 and £10.

Conclusion

I am sure my fellow guests would like to join me once again in thanking the Prime Warden, the Wardens and the Company for their hospitality on what has this year been a most enjoyable occasion.



FROM: G R WESTHEAD
DATE: 29 April 1987

MR ALLAN

CC Mrs Lomax
Mr Culpin
Miss Noble
Mr Andren
Mr Hudson
Mr Cropper
Mr Tyrie
Mr Ross Goobey

Deputy Master - RM

SPEECH AT THE TRIAL OF THE PYX

The Economic Secretary has now seen the Master of the Mint's redraft of the above speech which was attached to your minute of today.

2. The Economic Secretary has a few minor comments on the draft that the Master of the Mint might care to consider. These are as follows:

Page 3, paragraph 3, line 13

The Economic Secretary suggests replacing "same coin as the one first struck in 1816" with "the same coin as the one introduced in 1816".

Page 4, paragraph 2, line 14.

The Economic Secretary suggests deleting "when it was first struck" in the last sentence of this paragraph.

Page 6, paragraph 1, line 2

The Economic Secretary suggests replacing "obverse" with "reverse"

Page 6, paragraph 1, line 4

The Economic Secretary suggests replacing "shortly" with "before long".

3. Given the deadline, the Economic Secretary was only able to see very briefly Mr Andren's minute of today (top copy attached). He leaves it up to the Master of the Mint's discretion whether to make any of the changes suggested by officials. He has no strong views on the points therein.

Guy Westhead.

GUY WESTHEAD

Assistant Private Secretary

EXTRACT FROM
MINT'S
ANNUAL
REPORT FOR
1961

See that the time had come to try to regain a monopoly in minting; and we have readily fallen in with their wishes.

Decimalisation of the Coinage

The statement by the Chancellor of the Exchequer and Master of the Mint on 19th December 1961 broke through a historical crust of disdain and aversion and it remains to be seen whether it opens up a new era, after many centuries, for the currency of the Realm. I doubt whether many people realised how revolutionary was his statement.

Decimal calculations are as old as the hills, or at least as old as man's ability to count his fingers and thumbs. Primitive history and examples are copious and diffuse, but fundamentally obvious, and I have no intention of trying to give any synopsis. The neat Romans got their numeration in decimal progression, and adopted numerals that were graphically decimal. In doing so they petrified arithmetic and left a legacy of bewilderment to the Teutonic invaders of Western Europe whose accounting practices remained as barbarous as the rest of their early behaviour. The Romans had not succeeded in using their own numerals for any consistent semblance of a decimal coinage, in spite of some Babylonian, Hebraic and Greek guidance, partly because of the identification of coins with weights. When morning broke for the English coinage the Anglo-Saxons, who in Kent if not elsewhere had been reckoning 20 Sceattas to a shilling, enlarged their penny to compete with Charlemagne's, and began to look admiringly on his smart new look of 12 denarii to the solidus, and 20 solidi to the libra. In due course, with an added inspiration from the Normans, England became and remained the most stolid adherent of £ s. d.

How far Roman numerals helped to impede the future use of decimal notation is not for me to speculate in these short comments, but over Europe the method suffered a protracted blight, with mathematics generally, till following the Moorish invasions the gradual adoption by progressive states of Arabic numerals began to revive interest in it. The Arabs were fervent decimalisers: "Every number and figure of algorism in the first place represents itself; in the second place it is multiplied by ten; in the third by a hundred; in the fourth by a thousand". They developed the use of decimal fractions, and Greek scholars seeking refuge in Italy after the fall of Constantinople preached their simplicity and usefulness. Simon Stevinus of Bruges seized the torch and looking at the diverse and illogical coinages in Europe was impatient that they should conform, with "Commencements" (units) "Primes" (tenths) "Secondes" (hundredths) and "Trirus" (thousandths). His *Practique d'Arithmetique*, published in 1582, was widely read and Richard Norton translated it into English in 1608. But the English people remained fancy free, impervious to such exotic advances.

They continued unmoved when later in the century there was a renewed and marked advocacy. In 1682 Sir William Petty's book, *Quantulumcumque concerning Money* was published, in which he suggested that "if your old defective farthings were cried down to 5 a penny, you might keep all accounts in a way of Decimal Arithmetick, which hath been long desired for the ease and certainty of Accompts". Wren was troubled and hindered in his public works programme because his army of workmen had to be paid in the coins then circulating, which were so clipped and defaced

... to be worth their professed value. When the great recoinage of 1799 was planned and undertaken he breathed a sigh of relief and forward an abortive plea for a simpler system of payments with a new coinage based on a unit of one ounce of silver divided into a hundred parts.

The seeds of systematic change fell on rather less stony ground abroad, and even so the fruit was long in coming. French writers freely canvassed decimal ideas for the coinage, and also for weights and measures, and Talleyrand devoted time to the determination of a unit of linear distance which he wanted to base a metric system. In 1790 Talleyrand, at that time Bishop of Autun, found the National Assembly ready to listen to his reforming plan. The plan was imaginative and ambitious, and the consequential royal decree provided not only that "the Academy shall indicate the scale of division which it believes most convenient for all weights, measures, and coins", but "that the King shall also beg His Majesty of Britain to request the English Parliament to concur with the National Assembly . . . and in consequence, under the auspices of the two nations, the Commissioners of the Academy of Sciences of Paris shall unite with an equal number of members chosen by the Royal Society of London".

Here was a grand design. But Talleyrand, whose habits and character were found dubious, was not well regarded in this country; the British had suffered from the French in the recent war and were not disposed to extraordinary co-operation; nor were the new political changes in France likely to win Pitt and his colleagues to any designs blessed by the revolutionary Assembly. So the French pursued their path alone. A decimal coinage was approved in 1793, and in 1795 a decree introduced a system based on the franc, with a decime and a centime.

Talleyrand had found encouragement in American opinion and example. Early in 1782 Robert Morris, the newly appointed Superintendent of Finance, wrote to Congress that "it is desirable that money shall be increased in the decimal ratio, because by that means all calculations of interest, exchange, insurance and the like are rendered much more simple and accurate, and, of course, more within the power of the great mass of people". The project appealed to a young and practical society, Congress found no difficulty in endorsing it and the coinage system of the United States as we know it was established in 1792. In a report to Congress in 1821 John Quincy Adams referred to what had happened:

"At the close of our war for independence we found ourselves with four English words, pound, shilling, penny and farthing, to signify all our moneys of account. But, though English words, they were not English things. They were nowhere sterling; and scarcely in any two States of the Union were they representatives of the same sums. It was a Babel of confusion by the use of four words. In our new system of coinage we set them aside. We took the Spanish piece of eight, which had always been the coin most current among us, and to which we had given a name of our own, a dollar. Introducing the principle of decimal division, we said a tenth part of our dollar shall be called a dime, a hundredth part a cent, and a thousandth part a mille. Like the French we took all these new denominations from the Latin language; but instead of prefixing them as syllables to the generic term dollar, we reduced them to monosyllables, and made each of them significant by itself, without reference to the unit of which they were fractional parts."

Adams then had a dig at the British, whom he knew well:

"The operation of changes of opinion there is slow, the aversion to all innovations deep. More than two hundred years had elapsed from the Gregorian reformation of the calendar before it was adopted in England."

The islanders began to stir, and throughout the 19th century the subject was discussed; nevertheless, Adams remained right. The history of the numerous Select Committees and Royal Commissioners and of Parliamentary activity on decimal coinage over the last 150 years has been fully and recently told in newspapers and periodicals. The attitude of governments was nicely illustrated, as one might hope and expect, by the words of Mr. Gladstone a hundred years ago: "I cannot take any decisive step until we are satisfied that the subject has been thoroughly sifted, and well understood by the public". The Mint struck some interesting trial decimal coins. The florin was issued, and later for a short time the double florin. But phlegm is phlegm, and when the decimal ball was dashing played by the Australian representative at the Colonial Conference in 1907 and then at the Imperial Conference in 1911, he was bowled by the British representative with the telling rejoinder that "there is very little possibility of any practical change in the direction suggested by the resolution, the difficulty lying in the opinions and habits of the British people".

Gladstone
quote.

UNITED KINGDOM COINAGE

(i) STRUCK AND ISSUED

During the year 298,296,085 pieces were struck, and except for 4,624 silver Maundy coins, these pieces were cupro-nickel, nickel-brass and bronze coins for general circulation. Crowns and halfpennies were not minted. Details of the coins struck will be found in Appendix IV.

New cupro-nickel coin issues totalled £12.72 million, £11.21 million of this representing an expansion of the white metal coin in circulation. The balance of new cupro-nickel coin was issued in replacement of withdrawn coin. Issues of new nickel-brass and bronze coin amounted to £0.55 million and £0.19 million respectively.

(ii) WITHDRAWN

Silver Recovery

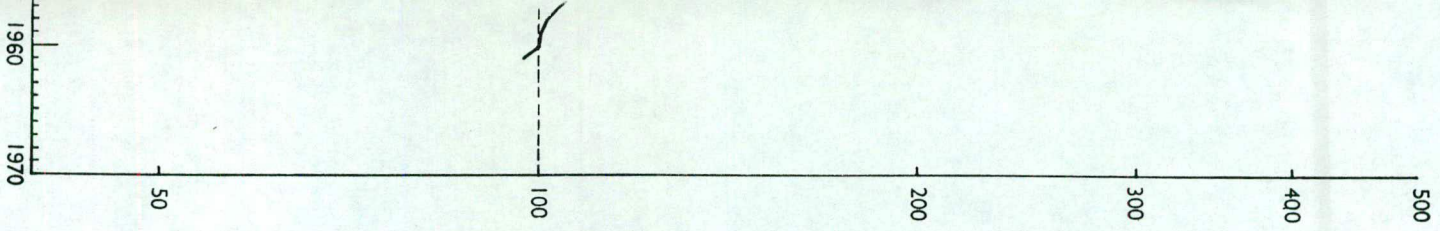
During the year £10,802,000 in mixed white coin was withdrawn under the Silver Recovery Scheme. Coins to the value of £10,112,949 were sorted, yielding £1,400,138 of silver coin. This represents a yield of 13.85 per cent by face value, 1.27 per cent lower than in 1960. The loss by weight since issue of the silver coin withdrawn was 2.33 per cent, a further increase of 0.07 per cent over the corresponding figure in 1960.

Other Withdrawals

The following withdrawals of worn and surplus coin were made during the year, in addition to those under the Silver Recovery scheme:

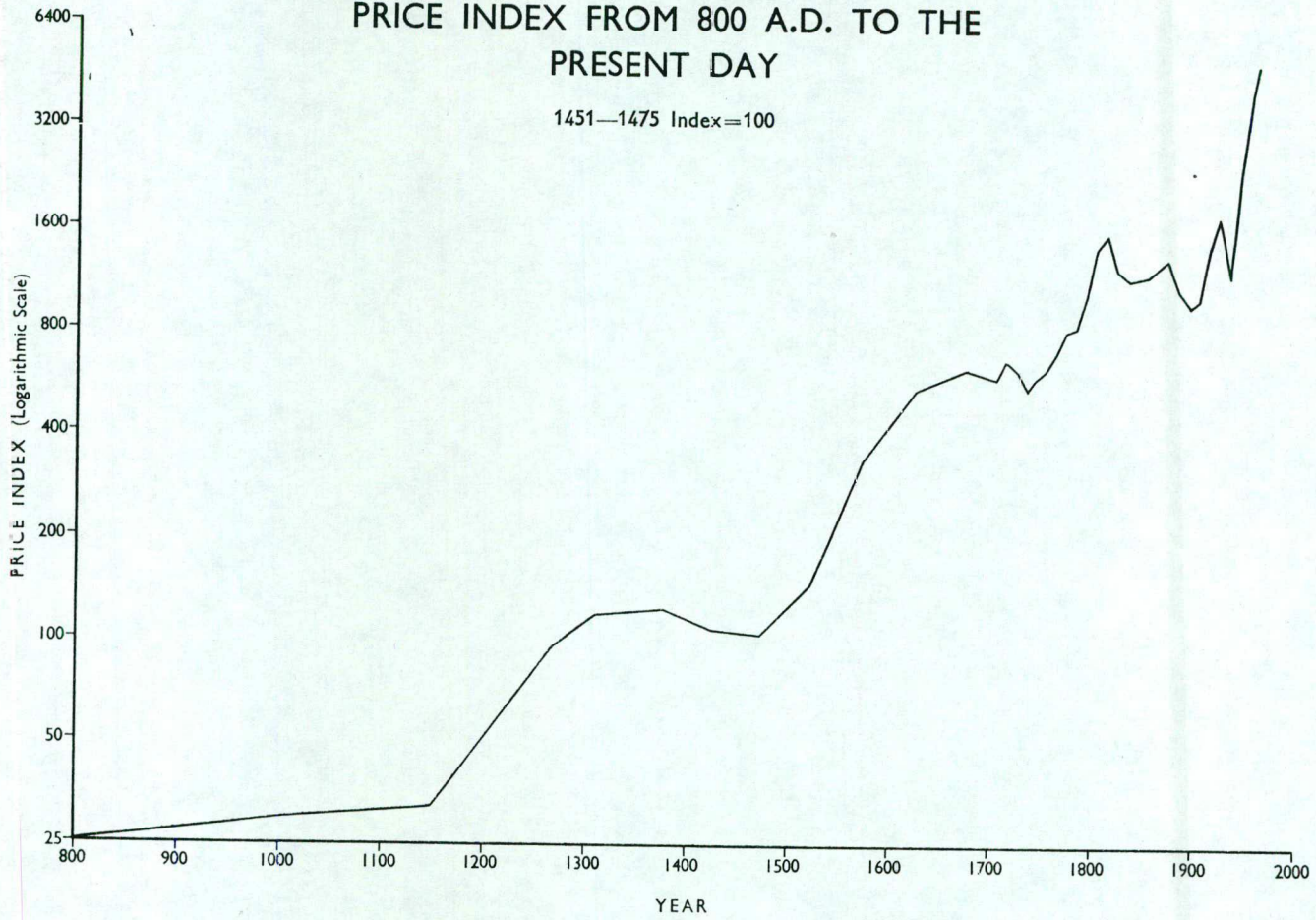
| | | |
|--|--------|---------|
| 925 standard silver from United Kingdom and overseas | ... | £ 8,363 |
| 500 standard silver from United Kingdom and overseas | ... | 20,328 |
| Cupro-nickel from United Kingdom and overseas | | 222 |

From - Deputy Master, Royal Mint



PRICE INDEX FROM 800 A.D. TO THE PRESENT DAY

1451—1475 Index=100



197



Ch

Test below takes
on board your
re-drafting of
sections to be press-
released.

Don't get things that
bit typed up on cards.

Manly's AA



Alex

CX went in 1984 +
1986

(1983 - he wasn't CX
1985 - he was at the
Economic Summit)

D

1/8



FROM: A C S ALLAN
DATE: 29 April 1987

CHANCELLOR

*Thanks.
A.C.S.*

TRIAL OF THE PYX SPEECH

... I attach a draft speech, following the structure you indicated.

Speeches by Queen's Remembrancer and Prime Warden

2. I have spoken to the Clerk to the Goldsmiths Company, who tells me that the Prime Warden intends to speak for only about 1 minute welcoming the guests. He has promised me a draft of the Queen's Remembrancer's speech tomorrow.

Role of the florin in decimalisation

3. Rather poor responses to requests for any additional material you could use on this: the best the Mint could come up with was the attached quote from Gladstone, which seems to me to be offered as a dig at Ministers' appalling habit of finding out what the public want rather than taking sensible minting decisions!

Purchasing power of the florin and shilling

4. I was a bit suspicious of David Andren's figures, which imply that prices fell between 1816 and 1849: but the attached graph makes it look as if that was probably true. So I agree that it is better to stick to the single example of the florin.

AA

A C S ALLAN

DRAFT SPEECH FOR THE TRIAL OF THE PYX

May I start by thanking the Prime Warden for his kind words of welcome. I have to say that I found his comments much more agreeable than those of his predecessor last year. May I also thank the Goldsmiths Company for their hospitality.

This is the [fourth] time I have attended the Trial of the Pyx, and I had always hoped that the stately complacency of the verdict would be enlivened by some display of fallibility. Up till now, that had never happened. Now, at last, it has.

Adverse verdicts are extremely rare, [as the Queen's Remembrancer reminded us]. And they have in the past led to some severe punishments. In 1318 the then Master of the Mint, Giles de Hertesbergh, was found to have made a silver coin below standard. He was relieved of his post and sent to jail for six weeks. History does not record what happened to his deputy.

I trust the same fate will not befall me. And I am glad to say that it is not because of the adverse verdict that this is likely to be the Deputy Master's last appearance at the Trial of the Pyx. Indeed, I should like to take this opportunity of congratulating him on all he has

achieved in his time at the Mint. Although we have only preliminary figures for the Mint's financial results in 1986-87, it is already clear that the Mint has had another successful year, with profits expanding to about £7 million. And the Deputy Master and all his staff are to be congratulated on winning the Queen's Award for Export Performance for the fourth time.

Nottingham Research

Although the public might be bemused by this ceremony - with its obscure title and its somewhat outlandish garb - ~~the~~ coinage is certainly not a recondite subject. Indeed it is a matter of absorbing interest to the public. That is why the stories circulating a few months ago that we had decided to make all sorts of far-reaching changes to the coinage attracted such attention. The ~~wilder~~ speculation included suggestions that we had decided to introduce a £5 coin and to abolish the 1p and 2p coins. Needless to say, such stories were completely untrue.

The basis for these stories seems to have been a research project commissioned by the Mint, and carried out by Nottingham University. It was set up to examine some of the possible options if we were to decide that changes in the coinage were ~~needed~~. ^{desirable.} ~~The Mint does, rightly, keep a close watch on all aspects of the coinage: whether we are using the best production methods; whether the present coinage is suited to current needs, and so on. The Nottingham University research was commissioned as part of that process.~~

Mark

~~Many~~ people are - perfectly understandably - reluctant to see any change in the coinage they have grown used to. But change is needed from time to time, for example to reflect changes in the use made of coins in meters and slot machines, changes in the price and availability of different metals, or changes in the purchasing power of individual coins.

Our coinage today seems generally to meet the needs of the public. But the relationship between the size and the value of individual coins is ~~certainly~~ rather confused. That is because our coins date from three very different periods. **P** First, there are the two new coins of recent years, the £1 and the 20p. Second, there are the three coins introduced at the time of decimalisation: the 50p, the 2p and the 1p. And finally, there are the old florin and shilling - the 10p and 5p - which date back to well before decimalisation; indeed the 10p, though no longer silver, is virtually the same size and weight as the two shilling piece originally introduced early in the reign of Queen Victoria as part of a much earlier move towards decimalisation. And the shilling is even older: it is to all intents and purposes the same coin as ~~the one~~ ^{that} introduced in 1816 when the English currency was completely reorganised following the Napoleonic Wars.

One ~~widespread~~ ^{widely} view expressed about the present coinage is that, ~~it is~~ ^{it is} collectively, too heavy. ~~This view is not~~
This is scarcely surprising given the

~~It is true that there is a general public~~
~~always easy to reconcile with the equally widely~~
~~expressed preference for larger coins rather than smaller~~
~~ones. But it is perfectly understandable given the~~

substantial erosions in purchasing power since some of
the older coins were first introduced. Much of this

erosion in value stemmed from the very rapid inflation of
the 1970s. Even though we have now brought inflation
down to its lowest level for nearly 20 years, the value
of individual coins is very far below what it was when
they were introduced. Indeed, when the florin piece was

introduced in 1849, it was worth nearly £3.50 in today's
prices.

~~It is not surprising that if further changes to our~~
~~coinage prove to be needed, the 10p and 5p are the most~~
~~likely candidates.~~

The research carried out by
Nottingham University was designed to test various

different possible sizes and shapes, to see how easily
they could be distinguished from each other and from
existing coins.

The Royal Mint is preparing a pamphlet explaining the
results of this research and the options for changes in
the coinage, as a basis for public consultation. I hope
that everyone - not just industry and commerce but also
the general public and groups with a special interest
such as the blind - will take part and let us have their
views. I can assure you that we will not take any

decisions about what changes should be made to the

For example,
The 10p's
preference,
No florin,
When it
was first

But all these considerations, then, the strongest
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10p.

(No public acceptability or

And give this assurance:

coinage - or indeed whether any changes should be made at all - until we have had the opportunity to consider thoroughly all the views and comments we receive.

The Britannia

There is one other new development on the coinage, which I announced recently. The ^{Royal} Mint has ~~not been able up~~ ^{unable} ~~until now~~ to take advantage of the increasing ^{wonderful} demand for 1 oz gold coins. Several other countries have done so. The Canadians have issued a 1 oz coin - the Maple Leaf - and, more recently, the US Treasury issued a 1 oz coin known as the Eagle. Both have achieved substantial sales. ~~We have felt for some time that the Mint should be able to take advantage of the opportunities in this market.~~ ^{But the Mint - which is, of course, a commercial organization as well as a great national asset, has not been able to do so.} ~~for its traditional gold coinage.~~

It was therefore with much satisfaction that I was able to announce ~~on 11 March~~ ^{shortly before the Queen's Birthday} that her Majesty the Queen had been graciously pleased to approve my recommendation that the Mint should issue a new 1 oz bullion coin later this year, ^{already} known as the Britannia. I am ^{glad} pleased to say this has ^{amount of} generated a considerable interest both here and overseas.

~~We have not yet taken~~ ^{No} final decisions on the design of the coin, ^{have yet been taken,} but I can say now that the reverse will feature a suitable design of Britannia. The Mint will be publishing full design details later. Meanwhile, I am able to announce today that the face value of the 1 oz

Butanna

~~version of the coin will be £100 and that the smaller denominations will have a face value of £50, £25 and £10.~~

its smaller versions, the 1/2 oz, 1/4 oz and 1/10 oz coins, will have face values of 750, 725 and 710 respectively.

Conclusion

I am sure my fellow guests would like to join me once again in thanking the Prime Warden, the Wardens and the Company for their hospitality on what has this year been a most enjoyable occasion.

Amg

DRAFT SPEECH FOR THE TRIAL OF THE PYX

May I start by thanking the Prime Warden for his kind words of welcome. I have to say that I found his comments much more agreeable than those of his predecessor last year. May I also thank the Goldsmiths Company for their hospitality.

This is the ^{*third*} ~~[fourth]~~ time I have attended the Trial of the Pyx, and I had always hoped that the stately complacency of the verdict would be enlivened by some display of fallibility. Up till now, that had never happened. Now, at last, it has.

Adverse verdicts are extremely rare, [as the Queen's Remembrancer reminded us]. And they have in the past led to some severe punishments. In 1318 the then Master of the Mint, Giles de Hertesbergh, was found to have made a silver coin below standard. He was relieved of his post and sent to jail for six weeks. History does not record what happened to his deputy.

I trust the same fate will not befall me. And I am glad to say that it is not because of the adverse verdict that this is likely to be the Deputy Master's last appearance at the Trial of the Pyx. Indeed, I should like to take this opportunity of congratulating him on all he has

achieved in his time at the Mint. Although we have only preliminary figures for the Mint's financial results in 1986-87, it is already clear that the Mint has had another successful year, with profits expanding to about £7 million. And the Deputy Master and all his staff are to be congratulated on winning the Queen's Award for Export Performance for the fourth time.

Although the public might be bemused by this ceremony - with its obscure title and its somewhat outlandish garb - the coinage is certainly not a recondite subject. Indeed it is a matter of absorbing interest to the public. That is why the stories circulating a few months ago that we had decided to make all sorts of far-reaching changes to the coinage attracted such attention. The speculation included suggestions that we had decided to introduce a £5 coin and to abolish the 1p and 2p coins. Needless to say, such stories were completely untrue.

The basis for these stories seems to have been a research project commissioned by the Mint, and carried out by Nottingham University. It was set up to examine some of the possible options if we were to decide that changes in the coinage were desirable.

Most people are - perfectly understandably - reluctant to see any change in the coinage they have grown used to. But change is needed from time to time, for example to reflect changes in the use made of coins in meters and

slot machines, changes in the price and availability of different metals, or changes in the purchasing power of individual coins.

Our coinage today seems generally to meet the needs of the public. But the relationship between the size and the value of individual coins is rather confused. That is because our coins date from three very different periods.

First, there are the two new coins of recent years, the £1 and the 20p. Second, there are the three coins introduced at the time of decimalisation: the 50p, the 2p and the 1p. And finally, there are the old florin and shilling - the 10p and 5p - which date back to well before decimalisation; indeed the 10p, though no longer silver, is virtually the same size and weight as the two shilling piece originally introduced early in the reign of Queen Victoria as part of a much earlier move towards decimalisation. And the shilling is even older: it is to all intents and purposes the same coin as that introduced in 1816 when the English currency was completely reorganised following the Napoleonic Wars.

One view widely expressed about the present coinage is that, collectively, it is too heavy. This is scarcely surprising given the substantial erosion in purchasing power since some of the older coins were first introduced. For example, the 10p's predecessor, the

florin, when it was first introduced in 1849, was worth nearly £3.50 in today's prices. All things considered, then, the strongest candidates for changes to the coinage would seem to be the introduction of smaller coins in place of the present 5p and 10p. The research carried out by Nottingham University was designed to test the public acceptability of various different possible sizes and shapes, and to see how easily they could be distinguished from each other and from existing coins.

The Royal Mint is preparing a pamphlet explaining the results of this research and the options for changes in the coinage, as a basis for public consultation. I hope that everyone - not just industry and commerce but also the general public and groups with a special interest such as the blind - will take part and let us have their views. And I can give this assurance: we will not take any decisions about what changes should be made to the coinage - or indeed whether any changes should be made at all - until we have had the opportunity to consider thoroughly all the views and comments we receive.

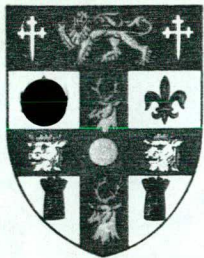
There is one other new development on the coinage, which I announced recently. The Royal Mint has been unable to take advantage of the increasing worldwide demand for 1 oz gold coins. Several other countries have done so. The Canadians have issued a 1 oz coin - the Maple Leaf - and, more recently, the US Treasury issued a 1 oz coin known as the Eagle. Both have achieved substantial

sales. But the Mint - which is, of course, a commercial organisation as well as a great national asset - has not encountered anything like this scale of demand for the traditional gold sovereign.

It was therefore with much satisfaction that I was able to announce shortly before the Budget that her Majesty the Queen had been graciously pleased to approve my recommendation that the Mint should issue a new 1 oz bullion coin later this year, to be known as the Britannia. I am glad to say this has already generated a considerable amount of interest both here and overseas.

No final decisions on the design of the coin have yet been taken, but I can say now that the reverse will feature a suitable design of Britannia. The Mint will be publishing full design details later. Meanwhile, I am able to announce today that the face value of the 1 oz Britannia will be £100 and that its smaller versions, the $\frac{1}{2}$ oz, $\frac{1}{4}$ oz and $\frac{1}{10}$ oz coins, will have face values of £50, £25, and £10 respectively.

I am sure my fellow guests would like to join me once again in thanking the Prime Warden, the Wardens and the Company for their hospitality on what has this year been a most enjoyable occasion.



From the Minister, Royal Mint

FROM: G R WESTHEAD
DATE: 29 April 1987

DEPUTY MASTER - RM

cc PS/Master of the Mint
Mrs Lomax
Miss Noble
Mr Andren

ROYAL MINT PAMPHLET

The Economic Secretary was very grateful to you for your comments on the draft Royal Mint pamphlet and for passing on those of Dr. Bruce. He has considered all your comments - together with comments received from other sources - and has incorporated as much material as he thought appropriate into the text.

2. I now attach a further revised version, with which the Economic Secretary is content. The Economic Secretary thinks this is now a well-balanced document and does not anticipate any significant further drafting changes.

3. The Economic Secretary would like to show the pamphlet in its final state to the Master of the Mint very shortly (within the next week) and I would therefore be grateful if you would arrange for the document to be checked very closely for any factual errors beforehand. I would be grateful if you could check particularly:

- (i) The date on which the silver 3d was last issued (page 3, indent 3)
- (ii) The number of coins in circulation (page 4, paragraph 4)



4. If there are any errors in the text I would be grateful if you would inform me by close of play on Friday 1 May.

Guy Westhead.

GUY WESTHEAD
Assistant Private Secretary

ABOUT THIS PAMPHLET

This pamphlet has been produced by the Royal Mint. It is designed to explain the considerations which the Government takes into account before deciding upon changes in our coinage. Although many people feel that our existing coinage may be too heavy and that it might be sensible in due course to replace some of our coins with lighter and smaller versions, it should be emphasised that no decision has yet been taken on which of our existing coins, if any, should be replaced. The possibilities are discussed in the following pages. The purpose of this pamphlet is to encourage all interested parties from industry and commerce, as well as the general public, including the blind, to make their comments on the proposals set out in this pamphlet and these should be sent to

The pamphlet incorporates some of the results of research by the Department of Psychology of the University of Nottingham into the ability of individuals to distinguish between different coins by sight and touch. Relevant sections of the pamphlet have been prepared after consultation with the authors of the research who will be publishing their more detailed results in the academic press.

1. Changes in the coinage are always controversial and often arouse strong feelings. Coins are, after all, universally familiar and part of everyone's daily life. Such changes, therefore, are never taken lightly and, far from being made simply at the whim of Government or on the initiative of the Royal Mint, they are usually the inevitable result of external forces. Over the years, inflation has been the most pressing of these; and although it is much less significant these days, the structure of our present coinage was largely established at the time of decimalisation, before the very rapid inflation of the 1970's. But long term movements in the price of metals and developments in coin usage (particularly in coin-operated machines) are other important factors. And as new coins are added over the years old ones have to be withdrawn to keep the number of different denominations in circulation at a manageable level, and to keep the overall weight down.

2. The ultimate objective of any individual change should be a coinage system which is convenient to use, is logical (ie allows face value to relate to size within each metallic range) and is capable of further development.

A good system must have....

3. Although opinions on the subject can differ widely, a good coinage system should at least satisfy the following requirements:-

- Individual coins should be readily distinguishable, both visually and by touch. (This is important in the dark and for blind or other handicapped people.)

- Coins should command respect. This is an abstract concept but size, design and characteristics of the metal are all considerations here, eg excessively light alloys such as those with aluminium, and coins with central holes, are not popular.

- At the same time, coins should be not too large and not too heavy. Heavy coins tend to "burn" holes in the ordinary user's pocket, inconvenience those, such as milkmen, who carry around large quantities and add extra transport and security costs for bulk handlers like banks and supermarkets. There is no particular ideal size. The old silver 3d (16.256mm diameter), not issued since the last war and the ½p withdrawn at the end of 1984 (17.145mm) were often criticised as being too small. Anything larger

than the present 50p (29.74mm) is generally considered too big.

- A coinage system should be easily understood, in particular to help those such as tourists, and the elderly.
- Coins have to be made so that counterfeits cannot easily imitate their characteristics. Sophisticated alloys, intricate designs and elaborate edges may be needed.
- A coinage system should permit the introduction of new coins without undue difficulty.
- Production and distribution costs should be kept to a minimum.
- Coins should be suitable for use in meters and vending machines.

Constraints to change

4. Currently there are more than 1702 thousand million coins in issue. It is not a practicable proposition to design a completely new system, build up a stock of new coins and then rapidly replace all the old coins with new. The public would be confused, costs would be excessive and the Government would be left with a vast stock of old coins. So any change must involve the phasing in and out of particular coins and this

must avoid confusion between old and new coins by the public or by vending machines.

5. Size "slots" for new coins have to be found. As a general rule there ought to be a minimum difference of 3mm in the diameter of otherwise similar coins in order to ensure that it is easy to distinguish between them. Coins of the same or similar diameter can co-exist provided they are different in other respects, particularly thickness, colour and edge characteristics. In an age of widespread travel the coins of neighbouring countries must also be more carefully considered than in the past.

6. Additional coins tend to add to the weight of the overall system. When a coin is added, ideally another should be dropped so that our coinage does not become too heavy.

7. To suit vending machines, coins must be able to roll easily and be sufficiently heavy to activate mechanisms. This rules out many shapes such as square or triangular, and many alloys (eg those of aluminium).

Decimalisation and after

8. Decimalisation (in 1971) was a major watershed in the history of the UK coinage, marking the beginning of a new system which to this day is not yet fully

developed. The ½p, 1p, 2p and 50p were new at the time, but the sizes of the old pre-decimal one shilling and two shilling (florin) coins were retained for the new 5p and 10p denominations, and old shillings and florins continued in circulation. This was done largely to avoid the confusion which would have been caused by a completely new set of coins.

9. By the end of the 1970's the new coinage had become unsatisfactory in a number of ways. The existing range of coins, for instance, appeared inadequate. There was strong evidence that a 20p or 25p coin was needed between the 10p and 50p. And, as a result of past inflation, the purchasing power of the £1 unit had been reduced to the extent that a £1 coin was becoming increasingly necessary.

10. Furthermore, a survey in 1979 indicated that the coinage was widely regarded as being much too heavy. This was mainly due to the fact that, traditionally, coins of the same alloy had always been weight related. That is to say the 2p was twice as heavy as the 1p, and the 10p twice the weight of the 5p. The introduction of the 50p in 1969 had also added significantly to the average weight of a pocketful of coins.

The need for change

11. The 20p and £1 coins were introduced in 1982 and 1983 respectively. The small 20p was meant to serve

two purposes. First, it bridged the gap between the 10p and 50p, and second, it substantially reduced the average weight of a handful of change by displacing two large, heavy 10p coins. This was particularly important in view of the by then inevitable replacement of the £1 note by a coin. In their size and shape, however, both the 20p and £1 coins broke new ground, primarily because there was no size "slot" for the 20p between the 10p and 50p, and because a £1 coin larger than the existing 50p would have been too heavy.

12. Despite these developments, however, people still thought the coinage system was untidy and, on average, too heavy. The 10p and 5p coins were the obvious targets for change. Both were weight related, which was costly and no longer necessary, and both appeared out of series with the more recent 50p and 20p coins.

Background to recent research

13. History shows that the public in the United Kingdom usually dislikes the introduction of new coins. Neither the 20p nor the £1 was immediately popular, though the former became so fairly quickly. The 50p when introduced in 1969 caused such a furore that attempts were made in Parliament to have it withdrawn. Such attitudes change quite markedly over time, and it is very likely that if steps were now taken to change the 50p coin there would be similar public resistance. Nevertheless, public opinion at the time of a change is a highly relevant factor.

14. This is why, before decisions were taken to issue the 20p and £1 coins, the Royal Mint commissioned the University of Nottingham to undertake a research programme involving coin discrimination tests to establish preferred specifications for such coins, if they were to be issued. As a result of this research both the 20p and £1 coins were provided with features to assist identification by the blind.

15. On completion of the research the Royal Mint published, in January 1981, a pamphlet entitled "Proposals for a £1 Coin and a 20p Coin" which was used as a basis for consultations prior to a decision being taken by the Government on the precise specifications of the proposed coins.

16. Following the issue of the 20p coin in 1982 and the £1 coin in 1983, the University of Nottingham was invited to undertake a second phase of research into a series of options for further possible changes in the UK coinage.

17. Given the various constraints to change, such as size slots, convenience of size and weight, the need for economy of production and suitability for vending machines, only a few options were actually available for serious consideration.

The options

18. Four possible revised coinage systems were the subject of research. These are illustrated [on the

facing page]. Options 1, 2 and 3 all featured a new 10p coin very similar to the old sixpence, with a choice of three specifications for a new 5p : a white coin even smaller than the old sixpence, a yellow coin similar to the old multi-sided 3d or a bronze coin slightly smaller than the 2p but having first withdrawn the present 2p from circulation. In option 4 the 5p would be replaced by a coin similar to the old sixpence and the 10p with a coin a little larger than the current 5p. Options 1, 2 and 3 provided for a new 50p, circular and a little smaller in size than the existing 2p, and option 4 left the 50p as it is.

19. The Royal Mint commissioned a survey of public opinion on these options. This was done by a London based market research company. Some 2400 adults throughout Great Britain were included in the survey.

Results of the survey

20 Although, predictably, only a minority of those questioned were in favour of change, when they were asked to choose between the four options for the 5p and 10p, the most popular was clearly option 4. No preference was expressed by 29%, but of those who did choose between the options the figures were:

| | |
|----------|-----|
| Option 1 | 7% |
| Option 2 | 26% |
| Option 3 | 23% |
| Option 4 | 44% |

21 While it is more often suggested that our coinage, taken collectively, is too heavy, the survey revealed that people generally tend to prefer large coins individually. Thus, when initially asked whether it is a good or bad idea to replace large, heavy coins with smaller, lighter ones, 59 per cent thought it a bad idea and only 29 per cent a good idea. More specifically, when asked if the 50p should be reduced in size, 69 per cent thought this a bad idea.

Discrimination Research

22. As before the introduction of the £1 and 20p coins, the Nottingham researchers looked into the ease with which the coins in each of the four options could be told apart. The technical word for this is discrimination.

23. Their studies used simple coin handling tasks undertaken in varying conditions by different groups of people. The handling tasks included sorting out mixtures of coins, and searching for specified target coins in purses or bags (simulated pockets). The speed of sorting or searching and the number of errors provided measures of relative difficulty, with the speed and error rate for handling the existing coinage system also being measured for comparison. In most of the work volunteers from the general public were tested. Two tests were conducted with elderly residents in sheltered accommodation and one with a sample of blind people who relied solely on touch when handling

money. Blind people have particular difficulty in identifying a coin in isolation.

24. The research indicated that replacing the 50p with a smaller circular coin, as in options 1, 2 and 3, would not improve discrimination and could introduce confusion between the new 50p and other coins. The research team also concluded that, if new 5p and 10p coins were to be introduced, it would be preferable to replace the 5p before the 10p.

25. The main conclusion of the discrimination study was that none of the four options for the 5p and 10p posed significant problems from the discrimination point of view. Indeed, for a first stage involving the replacement of the 5p only, all the options were found to be more satisfactory in respect of discrimination than the present coinage. No significant problems of discrimination were evident even if both 5p and 10p were changed simultaneously.

Conclusion

26. The opinion survey shows that of the four options, number 4 was the most attractive. It retains the 50p coin, yet considerably reduces the overall weight of the coinage. Many people preferred the status quo, though when faced with possible change almost as many were undecided or indifferent. Tests showed that none of the options for the 5p and 10p suggested noticeable difficulties of discrimination in comparison with the existing coinage.

27. The choice would therefore appear to lie between the existing system and option 4. The survey found that the proposed 5p in option 4 was very satisfactory. The only possible problem with this option was potential confusion between the proposed 10p and the £1 coin, but a way round this has already been found by slightly modifying the specification for the 10p. If option 4 were chosen, the 5p would be replaced before the 10p.

28. Before any decisions are taken, it will be necessary to establish whether the changes would lead to savings or increased costs in maintaining the coinage in good order; and what benefits or disadvantages there would be for bulk users of coins such as banks, the vending industry, transport undertakings, and people like milkmen who have to carry large quantities of coins. Comments from groups such as these, as well as from individuals, would therefore be welcome as part of the consultation process.



MR G R WESTHEAD
APS/ECONOMIC SECRETARY

cc PS/Master of the Mint ✓
Mrs Lomax
Miss Noble
Mr Andren

ROYAL MINT PAMPHLET

We have the following comments and corrections on the draft attached to your minute of 29 April.

1. The statement about the 3d (page 3, indent 3) is correct.
The last 3d coins to be issued in the UK were dated 1941.
2. The number of UK coins currently in circulation is 1,702,291,000.
3. Page 1, second paragraph. "Psychology" is incorrectly spelt.
4. Page 4, first line. The diameter of the 50p is 30.00mm not 29.4mm.
5. Page 9, line 5. Amend to read ". . . to the old multi-sided 3d but smaller, or a bronze coin slightly . . .

That is all.

DEPUTY MASTER
30 April 1987

Queen's Remembrance Speech.

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2, pup

TRIAL OF THE PYX

SECOND STAGE

FRIDAY 1st MAY 1987

Ch
Innocuous.

AA

APS/EST

We spoke. I have read the first paragraph over the telephone to DM. We agree it is innocuous & that no change to C/E's speech is required.

D.R. from
1/5

Members of the Jury,

The Clerk of the Goldsmiths' Company has read your verdicts. The currency of New Zealand has passed every test; that of the United Kingdom is almost equally perfect; there is a small error in favour of the public and against the revenue in the silver Pound pieces, usually disposed of to collectors. I will not attempt to tell you its financial consequence, more particularly as I believe that there is a friendly difference as to where to put "those damned dots" in the calculations. It is enough to say that any loss is small in relation to the profit of the particular coinage, another matter upon which I will preserve suitable reticence. I make no doubt that the Deputy Master can be relied on to ensure that this small inaccuracy in the process of manufacture is corrected.

It must be a source of modest satisfaction to you as it is to me that this trial has been shown to serve an important, practical purpose as well as being part of the continuing history of this country.

The contrast between the talents of the imaginative artist and of the skilful artizan can well be seen in the life of Leonardo da Vinci who attempted to practise both. His notebooks are full of fine drawings of wonderful flying machines, armoured cars and giant battering rams. Their conception was magnificent. Their

construction was another matter. I have read somewhere a veracious account of a disaster that befell the automated kitchen which he designed and built for the Duke of Milan in whose service he was for many years. It had spits operated by the rising draught from the fires, pasta-making machines, a conveyor to feed logs to the fires, and other marvels. But execution did not match conception. On the day of the inaugural banquet everything went wrong; the machinery jammed, the conveyor could not be stopped and the fires blazed up uncontrollably; by the time that the Duke and his ravenous guests invaded the kitchen to discover what was wrong, several scullions had been roasted. The banquet was abandoned, the kitchen dismantled and Leonardo sharply told to get on with his painting; a charming portrait of Duke Ludovico's mistress, the Lady with an Ermine is said to have been the outcome. *Se non è vero.*

In the Royal Mint on the other hand we have a balanced union of beauty of design with accuracy of production. Long may it so continue.

Members of the Jury your verdicts will be transmitted to the Treasury and to the Government of New Zealand. It only remains for me to discharge you with the thanks of both those authorities.



H. M. TREASURY

Parliament Street, London SW1P 3AG, Press Office: 01-270 5238

Facsimile: 270 5244

Telex: 9413704

1 May 1987

BRITAIN'S COINAGE: CHANCELLOR ANNOUNCES CONSULTATION PROCESS

Speaking at the ceremony of the Trial of the Pyx today, the Chancellor announced that the Royal Mint would be issuing a pamphlet shortly describing some options for future changes in the coinage, including smaller versions of the existing 10p and 5p coins. He said

"I hope that everyone - not just industry and commerce but also the general public and groups with a special interest such as the blind - will let us have their views. And I can give this assurance: we will not take any decisions about what changes should be made to the coinage - or indeed whether any changes should be made at all - until we have had the opportunity to consider thoroughly all the views and comments we receive."

The Chancellor also announced that the face value of the Britannia - the new 1 oz gold coin - would be £100 and that its smaller versions the $\frac{1}{2}$ oz, $\frac{1}{4}$ oz and $\frac{1}{10}$ oz coins, would have face values of £50, £25, and £10 respectively.

The following are extracts from the Chancellor's speech.

"The coinage is a matter of absorbing interest to the public. That is why the stories circulating a few months ago that we had decided to make all sorts of far-reaching changes to the coinage attracted such attention. The speculation included suggestions that we had decided to introduce a £5 coin and to abolish the 1p and 2p coins. Needless to say, such stories were completely untrue.

"The basis for these stories seems to have been a research project commissioned by the Mint, and carried out by Nottingham University. It was set up to examine some of the possible options if we were to decide that changes in the coinage were desirable.

"Most people are - perfectly understandably - reluctant to see any change in the coinage they have grown used to. But change is needed from time to time, for example to reflect changes in the use made of coins in meters and slot machines, changes in the price and availability of different metals, or changes in the purchasing power of individual coins.

"Our coinage today seems generally to meet the needs of the public. But the relationship between the size and the value of individual coins is rather confused. That is because our coins date from three very different periods.

"First, there are the two new coins of recent years, the £1 and the 20p. Second, there are the three coins introduced at the time of decimalisation: the 50p, the 2p and the 1p. And finally, there are the old florin and shilling - the 10p and 5p - which date back to well before decimalisation; indeed the 10p, though no longer silver, is virtually the same size and weight as the two shilling piece originally introduced early in the reign of Queen Victoria as part of a much earlier move towards decimalisation. And the shilling is even older: it is to all intents and purposes the same coin as that introduced in 1816 when the English currency was completely reorganised following the Napoleonic Wars.

"One view widely expressed about the present coinage is that, collectively, it is too heavy. This is scarcely surprising given the substantial erosion in purchasing power since some of the older coins were first introduced. For example, the 10p's predecessor, the florin, when it was first introduced in 1849, was worth nearly £3.50 in today's prices. All things considered, then, the strongest candidates for changes to the coinage would seem to be

the introduction of smaller coins in place of the present 5p and 10p. The research carried out by Nottingham University was designed to test the public acceptability of various different possible sizes and shapes, and to see how easily they could be distinguished from each other and from existing coins.

"The Royal Mint is preparing a pamphlet explaining the results of this research and the options for changes in the coinage, as a basis for public consultation. I hope that everyone - not just industry and commerce but also the general public and groups with a special interest such as the blind - will let us have their views. And I can give this assurance: we will not take any decisions about what changes should be made to the coinage - or indeed whether any changes should be made at all - until we have had the opportunity to consider thoroughly all the views and comments we receive.

"There is one other new development on the coinage, which I announced recently. The Royal Mint has been unable to take advantage of the increasing worldwide demand for 1 oz gold coins. Several other countries have done so. The Canadians have issued a 1 oz coin - the Maple Leaf - and, more recently, the US Treasury issued a 1 oz coin known as the Eagle. Both have achieved substantial sales. But the Mint - which is, of course, a commercial organisation as well as a great national asset - has not encountered anything like this scale of demand for the traditional gold sovereign.

"It was therefore with much satisfaction that I was able to announce shortly before the Budget that her Majesty the Queen had been graciously pleased to approve my recommendation that the Mint should issue a new 1 oz bullion coin later this year, to be known as the Britannia. I am glad to say this has already generated a considerable amount of interest both here and overseas.

"No final decisions on the design of the coin have yet been taken, but I can say now that the reverse will feature a suitable design of Britannia. The Mint will be publishing full design details later.

Meanwhile, I am able to announce today that the face value of the 1 oz Britannia will be £100 and that its smaller versions, the $\frac{1}{2}$ oz, $\frac{1}{4}$ oz and $\frac{1}{10}$ oz coins, will have face values of £50, £25, and £10 respectively."

PRESS OFFICE

31/87

H M TREASURY

PARLIAMENT STREET

LONDON SW1P 3AG

01 270 5238

Note to Editors

The Trial of the Pyx is an annual examination by a jury to ascertain that the gold, silver and cupro-nickel coins made by the Royal Mint are of the proper weight, diameter and composition required by law.

It is a ceremony that probably goes back to Roman times, but the earliest known writ ordering a trial is 1282. The trial is presided over by the Queen's Remembrancer and the jury consists of Freemen of the Goldsmith's Company.

For the purpose of the Trial a specified number of coins is required to be placed in the Pyx, or box, and produced by officers of the Mint. The jurymen check the number and denomination of the coins to see that the proper number has been produced, and then weigh the coins in bulk, as well as selected specimens, to ascertain that the average weight of the coins is within the tolerance allowed by law. They also carry out tests on the composition of the metal.



FROM: G R WESTHEAD
DATE: 5 May 1987

DEPUTY MASTER - RM

cc PS/Master of the Mint
Mrs Lomax
Miss Noble
Mr Andren

ROYAL MINT PAMPHLET

The Economic Secretary has seen and was grateful for your minute of 30 April.

2. In your minute you confirmed that the number of coins currently in circulation is 1,702,291,000.

3. The Economic Secretary is very surprised at this figure. He thinks it is the case that some 700 million or so fl coins are currently in circulation and finds it odd that the figure for the coinage system as a whole is so low. He would be grateful for a breakdown of the figures for each coin in our coinage system. I would be very grateful if you could provide this information by lunchtime on Wednesday 6 May please.

Guy Westhead

GUY WESTHEAD
Assistant Private Secretary



MR G R WESTHEAD

cc PS/Master of the Mint —
Mrs Lomax
Miss Noble
Mr Andren

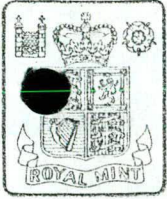
ROYAL MINT PAMPHLET

Further to the Deputy Master's earlier minute today, below is the breakdown of figures for each coin in our coinage system.

| | <u>Million Pieces</u> |
|-----------------|-----------------------|
| £1 | 783 |
| 50p | 743 |
| 20p | 1003 |
| 10p | 1504 |
| 5p | 1880 |
| 2p | 2729 |
| 1p | 4226 |
| $\frac{1}{2}$ p | 1225 |
| | — |
| Total | 14093 |
| | — |

VERLIE HILL
SECRETARY TO THE DEPUTY MASTER

6 May 1987



MR G R WESTHEAD

cc PS/Master of the Mint -
Mrs Lomax
Miss Noble
Mr Andren

ROYAL MINT PAMPHLET

Your minute of 5 May.

The figure in the Treasury draft which was checked here and confirmed by me was for the value of coins currently in circulation. The number of pieces currently in circulation is 14,093,000,000.

D J GERHARD
DEPUTY MASTER

6 May 1987



FROM: G R WESTHEAD
 DATE: 6 May 1987

PPS

cc Mrs Lomax
 Miss Noble
 Mr Andren
 Mrs Lester
 Mr Pickford

ROYAL MINT PAMPHLET

I attach a finalised version of the Royal Mint pamphlet as agreed by the Economic Secretary. This incorporates suggestions by Special Advisors, our Press Office and some by the Royal Mint.

2. The Economic Secretary regrets that there has been delay in producing the finalised version of the pamphlet for the Chancellor. This was caused by the Deputy Master failing to spot an error in the pamphlet about the number of coins in circulation (page 4, paragraph 4) and also failing on three occasions to heed the Economic Secretary's advice that the original figure of 1,702 million supplied by the Mint was quite obviously wrong. The Deputy Master has this morning finally acknowledged that the figure should in fact be 14,093 million - ie some 8 times the original estimate.

3. On timing of publication, the Economic Secretary discussed this with the Chancellor earlier this afternoon. They agreed that since the pamphlet could not be published this week - owing to the Royal Mint requirement for 5 clear working days for printing arrangements - it would be best to defer a decision on publication until next week. If a General Election were to be called, the atmosphere would not be conducive to consideration of the pamphlet in non-political terms. The assumption was that if a General Election were called, the publication of the pamphlet would have to be left until afterwards, It could still be published in June. (i.e. "next month", if asked).

4. It will also be necessary to seek clearance of the pamphlet from the Prime Minister. The Economic Secretary has therefore asked me to adopt the following line with the Mint on publication for the time being:

No. 10 had not completed yet

"Text of document now finalised. Ministers considering title. Publication will have to be cleared by No. 10. So not sure when we can give the go-ahead. In meantime appreciate if Mint could produce the first printer's proof, without a title.

5. I have already had to adopt the above line in response to a phone call from the Deputy Master's office.

Guy Westhead

GUY WESTHEAD

Assistant Private Secretary

ABOUT THIS PAMPHLET

This pamphlet has been produced by the Royal Mint. ~~It is designed to explain the considerations which the Government takes into account before deciding upon changes in our coinage.~~ Although many people feel that our existing coinage ~~may be~~^{is} too heavy and that it ~~might~~^{may} be sensible ~~in due course~~ to replace some of our coins with lighter and smaller versions, it should be emphasized that no decision has yet been taken on which ~~of our existing~~ coins, if any, should be replaced. The possibilities are discussed in the following pages. ~~The purpose of this pamphlet is to encourage all interested parties from industry and commerce, as well as the general public, including the blind, to make their comments on the proposals set out in this pamphlet and these should be sent to~~

The pamphlet incorporates some of the results of research by the Department of Psychology of the University of Nottingham into the ability of individuals to distinguish between different coins by sight and touch. ~~Relevant sections of the pamphlet have been prepared after consultation with the authors of the research, who will be publishing their more detailed results in the academic press.~~

It describes some possible changes to be coinage. It

encourage

to express their views.

1. Changes in the coinage ~~are~~ always ~~controversial and often~~ arouse strong feelings. Coins are, after all, universally familiar and part of everyone's daily life. Such changes, ~~therefore,~~ ^{are never} taken lightly. ~~and, far from being made simply at the whim of Government or on the initiative of the Royal Mint, they are usually the inevitable result of external forces.~~ ~~Over the years, inflation has been the most pressing of these; and~~ ~~although it is much less significant these days,~~ the structure of our present coinage was largely established at the time of decimalisation, before the ~~very~~ rapid inflation of the 1970's. ~~But~~ long term movements in the price of metals and developments in coin usage (particularly in coin-operated machines). ~~are other important factors.~~ And as new coins are added over the years, old ones have to be withdrawn to keep the number of different denominations ~~in circulation~~ at a manageable level, and to keep the overall weight down.

But changes are sometimes needed. One major reason for change has been the effects of inflation.
 No yrs.:

Other important reasons why changes are sometimes needed are

2. The ~~ultimate~~ ^{to produce} objective of any individual change should be a coinage system which is convenient to use, is logical (ie ~~allows~~ ^{what relates} face value to ~~relate to~~ ^{which} size within each metallic range) and is capable of further development.

A good system must have....

3. Although opinions on the subject can differ widely, a good coinage system should at least satisfy the following requirements:-

- Individual coins should be readily distinguishable, both visually and by touch. (This is important in the dark and for blind or other handicapped people.)

- Coins should command respect. This is an abstract concept but size, design and characteristics of the metal are all considerations here; [eg] excessively light alloys such as those ^{made} with aluminium, and coins with ~~central~~ holes ^{or n} are not popular.

middle,

make

- At the same time, coins should be not too large ^{or} not too heavy. Heavy coins tend to "burn" holes in the ordinary user's pocket; ^{they} inconvenience those, such as milkmen, who carry around large quantities; ^{they} and add extra transport and security costs for bulk handlers like banks and supermarkets. There is no particular ideal size. The old silver 3d (16.256mm diameter) ^{was} not issued since the last war, and the 1/2p withdrawn at the end of 1984 (17.145mm) were often criticised ^{on that score} as being too small. Anything larger than the present 50p (30.00mm) is generally considered too big.

check: whether to mint issue less coins than this

(approximate)

But now should coins be too small:

(arrow)

- A coinage system should be easily understood, in particular to help those such as tourists, and the elderly.

they cannot easily be

- Coins have to be made so that counterfeited cannot easily imitate their characteristics. Sophisticated alloys, intricate designs and elaborate edges may be needed.

[- A coinage system should permit the introduction of new coins without undue difficulty.]

- Production and distribution costs should be kept to a minimum.
- Coins should be suitable for use in meters and vending machines.

Constraints to change

4. Currently there are more than 14,000 million coins in ^{circulation} issue. It ^{would} ~~is~~ not ^{be} ~~a~~ practicable ~~proposition~~ to design a completely new system, build up a stock of new coins and then rapidly replace all the old coins with new. The public would be confused, ^{and the} costs would be excessive, ~~and the Government would be left with a vast stock of old coins.~~ So any change must involve ~~the~~ phasing ~~in and out of~~ particular coins, ^{in and out of circulation, who} ~~and this must~~ avoid confusion between old and new coins, ~~by the public or by vending machines.~~

5. Size "slots" for new coins have to be found. As a general rule there ought to be a minimum difference of 3mm in the diameter of otherwise similar coins in order to ensure that it is easy to distinguish between them. Coins of the same or similar diameter can co-exist provided they are different in other respects, particularly ⁱⁿ thickness, ^{and} colour and ^{shape, etc.} ~~edge~~ characteristics. ~~In an age of widespread travel the coins of neighbouring countries must also be more carefully considered than in the past.~~

6. Additional coins tend to add to the weight of the overall system. When ^{new} a coin is added, ~~ideally~~ another should be dropped so that ~~our~~ ^{the} coinage does not become too heavy.

7. To suit vending machines, coins must ~~be able to~~ roll easily and be sufficiently heavy to ~~activate mechanisms.~~ This rules out many shapes such as square or triangular, and many alloys ~~(eg)~~ ^{such as} those of aluminium.

make to machines work,

Decimalisation and after

8. Decimalisation (in 1971) was a major watershed in the history of the UK coinage, marking the beginning of a new system which to this day is not yet fully developed. The $\frac{1}{2}$ p, 1p, 2p and 50p were new at the time, but the sizes of the old pre-decimal one shilling and two shilling (florin) coins were retained for the new 5p and 10p denominations, and old shillings and florins continued in circulation. This was done largely to avoid the confusion which would have been caused by a completely new set of coins.

9. By the end of the 1970's the new coinage had become unsatisfactory in a number of ways. The existing range of coins, for instance, appeared inadequate. There was strong evidence that a 20p or 25p coin was needed between the 10p and 50p. And, as a result of past inflation, the purchasing power of the £1 unit had been reduced to the extent that a £1 coin was becoming increasingly necessary.

10. Furthermore, a survey in 1979 indicated that the coinage was widely regarded as being much too heavy. This was mainly due to the fact that, traditionally, coins of the same alloy had always been weight related. That is to say the 2p was twice as heavy as the 1p, and the 10p twice the weight of the 5p. The introduction of the 50p in 1969 had also added significantly to the average weight of a pocketful of coins.

The need for change

11. The 20p and £1 coins were introduced in 1982 and 1983 respectively. The small 20p was meant to serve two purposes. First, it bridged the gap between the 10p and 50p, and second, it substantially reduced the

average weight of a handful of change by displacing two large, heavy 10p coins. ~~This was particularly important in view of the by then inevitable replacement of the £1 note by a coin.~~ In their size and shape, however, both the 20p and £1 coins broke new ground, primarily because there was no size "slot" for the 20p between the 10p and 50p, and because a £1 coin larger than the existing 50p would have been too heavy.

However, surveys show that

12. ~~Despite these developments, however, people still thought the coinage system was untidy and, on average, too heavy.~~ The 10p and 5p coins ~~were~~ the obvious targets for change. Both ~~were~~ weight related, which ~~was~~ costly and no longer necessary, and both appeared out of series with the more recent 50p and 20p coins.

people still considered

Background to recent research

13. History shows that the public in the United Kingdom usually dislikes the introduction of new coins. Neither the 20p nor the £1 was immediately popular, though the former became so fairly quickly. The 50p when introduced in 1969 caused such a furore that attempts were made in Parliament to have it withdrawn. Such attitudes change quite markedly over time, and it is very likely that if steps were now taken to change the 50p coin there would be similar public resistance. Nevertheless, public opinion at the time of a change is ~~a highly relevant factor.~~ *clearly very important*

14. This is why, before ^{any} decisions ^{was} taken to issue ~~the~~ 20p and £1 coins, the Royal Mint commissioned the University of Nottingham to undertake a research programme ~~involving coin discrimination tests~~ to establish preferred specifications for such coins, ~~if they were to be issued.~~ As a result of this research both the 20p and £1 coins were provided with features to assist identification by the blind.

to see how easy it was to distinguish between different sizes and shapes of coins

15. ~~On completion of~~ ^{when} the research ^{was completed,} the Royal Mint published, in January 1981, a pamphlet ~~entitled~~

"Proposals for a £1 Coin and a 20p Coin", ^{This} which was used as a basis for consultations, ~~prior to a decision being taken by~~ ^{before} the Government ^{to} on the precise specifications of the proposed coins.

^{After the new 20p and £1 coins had been issued,} 16. ~~Following the issue of the 20p coin in 1982 and the £1 coin in 1983,~~ the University of Nottingham was invited to undertake a second phase of research into a series of options for further possible changes in the UK coinage.

^{The results of options for change is quite} 17. Given the various constraints ^{to} change, such as size slots, convenience of size and weight, the need for economy of production and suitability for vending machines, ^{there} only a few options were actually available for serious consideration.

The options

^{options were explored.} 18. Four possible ~~revised coinage systems~~ were the subject of research. These are illustrated [on the facing page]. Options 1, 2 and 3 all featured a new 10p coin very similar to the old sixpence, with a choice of three specifications for a new 5p: ^{in Option 1,} a white coin ^{in Option 2,} ~~even~~ smaller than the old sixpence; ^{in Option 3,} a yellow coin similar to the old multi-sided 3d but smaller, ^{or} a bronze coin slightly smaller than the 2p ^{which would require to be withdrawn} ~~but having first withdrawn~~ the present 2p from circulation. In option ⁴ ~~the 5p would be replaced~~ by a coin similar to the old sixpence and the 10p with a coin ^{slightly} a little larger than the current 5p. Options 1, 2 and 3 provided for a new 50p, circular and a little smaller in size than the existing 2p, ^{and} ~~and~~ ^{which} option 4 left the 50p as it is.

19. The Royal Mint commissioned a survey of public opinion on these options. This was done by a London based market research company. Some 2400 adults throughout Great Britain were ~~included in the survey~~ ^{questioned}.

Results of the survey

20 Although, predictably, only a minority of those questioned were in favour of change, when they were asked to choose between the four options for the 5p and 10p, ~~the most popular, was clearly option 4.~~ ^{option 4 was clearly} ~~[No preference was expressed by]~~ 29%, ^{did not express a preference,} but of those who did ^{choose} ~~choose between the options~~ the ^{figures} were:

| | |
|----------|-----|
| Option 1 | 7% |
| Option 2 | 26% |
| Option 3 | 23% |
| Option 4 | 44% |

21 While it is more often suggested that our coinage, taken collectively, is too heavy, the survey revealed that people ^{to be naturally large} generally tend to prefer ^{individually} large coins ^{individually}. ~~Thus,~~ ^{is} when initially asked whether it ^{would be} is a good or bad idea to replace large, heavy coins with smaller, lighter ones, 59 per cent thought it a bad idea and only 29 per cent a good idea. More specifically, when asked if the 50p should be reduced in size, 69 per cent thought this a bad idea.

Discrimination Research

22. As before the introduction of the £1 and 20p coins, the Nottingham researchers looked into the ease with which the coins in each of the four options could be told apart. The technical ^{term} ~~word~~ for this is discrimination.

23. Their studies used simple coin handling tasks undertaken in varying conditions by different groups of people. The handling tasks included sorting out mixtures of coins, and searching for specified target coins in purses or ^{pockets} ~~bags~~ ~~(simulated pockets)~~. The speed of sorting or searching and the number of errors provided measures of relative difficulty, with the speed and error rate for handling the existing coinage

system also being measured for comparison. In most of the work volunteers from the general public were tested. Two tests were conducted with elderly residents in sheltered accommodation and one with a sample of blind people who relied solely on touch when handling money. Blind people ^{clearly} have particular difficulty in identifying a coin in isolation.

24. The research indicated that replacing the 50p with a smaller circular coin, as in options 1, 2 and 3, would not improve discrimination and could introduce confusion between the new 50p and other coins. The research team also concluded that, if new 5p and 10p coins were to be introduced, it would be preferable to replace the 5p before the 10p.

25. The main conclusion of the discrimination study was that none of the four options for the 5p and 10p posed significant problems. ~~[from the discrimination point of view]~~ Indeed, for a first stage involving the replacement of the 5p only, all the options were found to be more satisfactory ~~[in respect of discrimination]~~ than the present coinage. No significant problems of discrimination were evident even if both 5p and 10p were changed simultaneously.

Conclusion

26. The opinion survey shows that of the four options, number 4 ^{is clearly} was the most attractive. It retains the 50p coin, yet considerably reduces the overall weight of the coinage. ~~[Many people preferred the status quo, though when faced with possible change almost as many were undecided or indifferent.]~~ Tests showed that none of the options for the 5p and 10p ~~[suggested]~~ noticeable difficulties of discrimination in comparison with the existing coinage.

27. The choice ~~[would]~~ therefore appears to lie between ^{relates} the existing ~~[system]~~ and option 4. The survey found

range of coins

moving over to

would make it any harder to tell different coins apart

that the proposed ^{new} 5p in option 4 was very satisfactory. The only possible ^a problem with this option was ^a potential confusion between the proposed 10p and the £1 coin, but a way round this has ~~already~~ ^{now} been found by slightly modifying the specification for the 10p. If option 4 were chosen, the 5p would be replaced before the 10p.

28. Before any decisions ~~are~~ ^{is} taken, it will be necessary to establish whether the changes would lead to savings or increased costs in maintaining the coinage in good order; and what benefits or disadvantages there would be for bulk users of coins such as banks, the vending industry, transport undertakings, and people like milkmen who have to carry large quantities of coins. Comments from groups such as these, as well as from individuals, would therefore be welcome as part of the consultation process.



From the Deputy Master

*Yr
D^y*

C
Shall I thank
the Dep. Master?

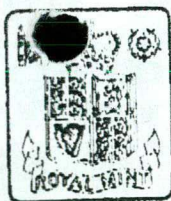
D
8/5

Master of the Mint

Here is your Royal
Mint tie. Thank you for
your kind words at
the Trial of the Pyx.

J.C.

7. 5. 87

FACS.

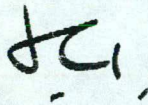
ECONOMIC SECRETARY

cc Master of the Mint
Mrs Lomax
Miss Noble
Mr Andren
Mr Gravenor - Royal Mint

NOTTINGHAM UNIVERSITY : CONSULTATIVE PAMPHLET

I understand from Mr Westhead that you wish to hold open the option of issuing the consultative pamphlet early next week. Since the printers need 5 working days they have been authorised to go ahead with printing the main text up to proof stage. The title (on the cover) can be settled at the last minute if necessary.

Attached is a draft Royal Mint press release.



D J GERHARD
DEPUTY MASTER

7 May 1987

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DRAFT PRESS RELEASE

UNITED KINGDOM COINAGE : THE OPTIONS FOR CHANGE

Speaking at the Trial of the Pyx on 1 May, the Chancellor of the Exchequer and Master of the Mint referred to research carried out at Nottingham University by Dr Vicki Bruce to establish the acceptability of various sizes and shapes of coin.

As a basis for consultation the Royal Mint today published a pamphlet outlining the results of the research.

The pamphlet will be sent to the Clearing Banks, Gas and Electricity Boards, British Telecom and ~~and~~ other organisations with an interest in vending and coin handling. A version of the pamphlet in braille will also be available.

For further information please contact etc.

BF 5/6



FROM: G R WESTHEAD
DATE: 7 May 1987

PPS

CC Mrs Lomax
Miss Noble
Mr Andren
Mr Pickford
Mrs Lester

ROYAL MINT PAMPHLET

We spoke on the telephone this morning about the line to take with the Royal Mint about publication. You mentioned that the Chancellor may well have further comments on the pamphlet itself and that it could not be taken for granted that the pamphlet was necessarily finalised.

2. I have told the Deputy Master's office that it is possible there may well be further changes, but I have not stopped them producing a first proof of the document. They assured me they would not be producing hundreds of copies (which might prove to be a wasted effort).

3. You should by now have seen the Deputy Master's further minute of today attaching a draft press release. The Economic Secretary sees no reason to react to this yet, given that publication is not imminent. We will do so next week if necessary.

4. When publication is imminent it seems to me that we will need a pretty exhaustive Q and A brief for Press Offices both here in the Treasury and in the Mint.

Guy Westhead

GUY WESTHEAD
Assistant Private Secretary