



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Dear Colleague,

27 March 2017

I am writing to you as the Minister responsible for the Royal Mint.

On 28 March 2017 we are introducing a new, highly secure £1 coin into circulation. I wanted to tell you of the reason for the change and how the transition will take place.

The current £1 coin was introduced into circulation over thirty years ago and in recent years has become vulnerable to sophisticated counterfeiters. Approximately one in thirty £1 coins in circulation today is a counterfeit. This is a cost to businesses and taxpayers.

There has been a three year lead-up to the introduction of the new coin. The then Chancellor announced the transition to a new 12-sided £1 coin in March 2014. We have had a wide-ranging project to assure a smooth transition, including a design competition, a public consultation and a business and public communications campaign.

The new £1 coin will be introduced into circulation on 28 March 2017. Businesses across the UK who handle cash have been informed of the need to prepare for the introduction. Many will have upgraded their machines to accept the new £1 coin. However, not all machines will work with the new coin from the date of introduction.

There will be a six-month co-circulation period before the legal tender status of the round £1 coin will be withdrawn on 15 October 2017. During this period the current coin will be removed via the banking system. After 15 October shops will no longer accept the old coins, but the public and businesses will still be able to deposit them with their bank. We will be encouraging the public to use their coins or return them to their bank before 15 October.

From research we have found that over £400m round £1 coins are sitting unused in people's homes. We are encouraging them to spend or exchange these before they lose their legal tender status in October.

We understand that there will be some short-term transition costs to businesses, in particular to operators of equipment that may need to be upgraded. In the case of previous changes in the coinage, such costs have been borne by industry. Following a public consultation the government is following this precedent

We have, however, taken a number of steps to help manage these costs. For instance, the design of the new coin has reduced the extent of the equipment changes necessary. The early announcement of the new coin has provided a long lead time allowing for



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effective and extensive planning ahead of the changeover. Individual businesses and the wider economy will also benefit from the reduced costs associated with a fall in the counterfeit rate, as well as from a currency in which there is widespread public confidence.

If you, or your constituents, would like to know more about the new 12-sided £1 coin, you can find more information at <https://www.thenewpoundcoin.com/>

*Warm regards*

*Lucy Neville-Rolfe*

Baroness Neville-Rolfe DBE CMG