



HM Treasury

Royal Mint Trading Fund: framework document

July 2020



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1 Introduction

1.1 This framework document has been drawn up by HM Treasury in consultation with The Royal Mint Trading Fund. This document sets out the broad framework within which The Royal Mint Trading Fund operates. The document does not convey any legal powers or responsibilities. It has been agreed between HM Treasury and The Royal Mint Trading Fund. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on the gov.uk and Royal Mint Limited websites.

1.2 The framework document covers:

- The Royal Mint Trading Fund
- The Royal Mint Limited
- The Royal Mint Museum

2 The Royal Mint Trading Fund

Structure and function of The Royal Mint Trading Fund

2.1 The Royal Mint Trading Fund was established on 1 April 1975, in accordance with The Royal Mint Trading Fund Order 1975, which was extended and amended by The Royal Mint Trading Fund (Extension and Variation) Order 2002. Both orders were made under the Government Trading Funds Act 1973.

2.2 Under The Royal Mint Trading Fund Orders and the Coinage Act 1971, The Royal Mint Trading Fund's operations include:

- the manufacture and supply of coins, medals, seals, gifts / collectable items (other than coins) and similar articles
- any operation incidental or conducive to such manufacture or supply

2.3 As a Trading Fund, The Royal Mint operates on commercial lines and is required under section 4(i) of the Government Trading Funds Act 1973 to 'manage the funded operations so that the turnover of the fund is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to turnover'.

2.4 On 31 December 2009, the trading assets and liabilities of The Royal Mint Trading Fund were vested into a subsidiary company called 'The Royal Mint Limited'. HM Treasury remains 100% owner of the shares of the company through the Trading Fund. All assets of a historical nature were vested into a separate company, 'The Royal Mint Museum', of which HM Treasury is sole member.

2.5 The Royal Mint Trading Fund represents HM Treasury interests in the Trading Fund's subsidiaries and oversees financing interactions with central government.

2.6 The Royal Mint Trading Fund is not directly engaged in commercial activity but does undertake some limited transactions, for example receipt and transfer of loans and loan repayments between the National Loans Fund and Royal Mint Limited and the receipt and onward payment of any dividends from The Royal Mint Limited.

2.7 The Royal Mint Trading Fund is responsible for accounting (to Parliament and to Treasury Ministers) for the activities of The Royal Mint Limited and The Royal Mint Museum.

Strategic Objectives

2.8 In line with the terms of the Government Trading Funds Act 1973, the objective of The Royal Mint Trading Fund is to manage the funded operations so that the turnover of The Royal Mint Trading Fund (effectively its subsidiary parts) is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to turnover; and for The Royal Mint Trading Fund and its subsidiary parts to operate with regularity and propriety.

2.9 The Royal Mint Trading Fund is also required under the 1973 Act to 'achieve such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement'. The current Treasury Minute is attached at annex A.

Ministerial responsibility and HM Treasury

2.10 The Chancellor of the Exchequer holds the ex-officio position of Master of the Mint, but delegates most of their legal duties relating to coinage to the Deputy Master, the Chief Executive of The Royal Mint Limited. This includes the day-to-day responsibility for the minting of coins and other duties The Royal Mint Limited is contracted to perform, for example under the Coinage Act 1971.

2.11 The Chancellor of the Exchequer also has ministerial responsibilities for The Royal Mint Trading Fund under the Trading Funds Act. These are delegated by the Chancellor of the Exchequer to a junior Treasury Minister.

2.12 HM Treasury Ministers on advice from UKGI appoint the Chairman of The Royal Mint Limited. They also approve the following:

- the strategic objectives for The Royal Mint Limited
- the appointment of the Chief Executive of The Royal Mint Limited
- the disposal of any shares in The Royal Mint Limited
- changes to the approved capital structure
- acquisitions, disposals and joint ventures of more than £25 million (value, net assets or profits) in respect of The Royal Mint Limited

2.13 The Enterprise and Growth Unit in HM Treasury is the policy contact for The Royal Mint Trading Fund. They are the main source of advice to the responsible minister on the discharge of his or her responsibilities in respect of The Royal Mint Trading Fund. They also support The Royal Mint Trading Fund Accounting Officer on his or her responsibilities toward the Trading Fund.

2.14 The Debt and Reserves Management team in HM Treasury has responsibility for UK coin issuance policy and the management of the UK Coin Contract with Royal Mint Limited for the manufacture of UK circulating coin.

Governance of The Royal Mint Trading Fund

Responsibilities of The Royal Mint Trading Fund Accounting Officer

2.15 The Accounting Officer is responsible for The Royal Mint Trading Fund and its subsidiaries, The Royal Mint Limited and The Royal Mint Museum. The Director of the Enterprise and Growth Unit within HM Treasury is appointed as the Accounting Officer for The Royal Mint Trading Fund.

2.16 The Accounting Officer is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of The Royal Mint Trading Fund and its subsidiaries. In addition, he or she should ensure that The Royal Mint Trading Fund as a whole is run on the basis of the

standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 of Managing Public Money. The CEO of the Royal Mint Limited will support the Accounting Officer to ensure that the principles of Managing Public Money are complied with in the running of the Royal Mint Limited. The Trustees of the Royal Mint Museum will also support the Accounting Officer to ensure that the principles of Managing Public Money are complied with in the running of the Royal Mint Museum.

2.17 Responsibilities of the Accounting Officer to parliament include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by HM Treasury Ministers
- preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts
- acting in accordance with the terms of this document, *Managing Public Money* and other instructions and guidance issued from time to time by the Department, HM Treasury and the Cabinet Office
- giving evidence, normally with the Principal Accounting Officer, when summoned before the Public Accounts Committee on The Royal Mint Trading Fund's stewardship of public funds

Annual report and accounts

2.18 The Royal Mint Trading Fund must publish an annual report of its activities together with its audited accounts after the end of each financial year.

2.19 The annual report must comply with HM Treasury's *Financial Reporting Manual* (FReM) and should outline main activities and performance during the previous financial year and set out in summary form forward plans and should cover any corporate, subsidiary or joint ventures under its control.

2.20 The Royal Mint Trading Fund report and accounts are substantively a consolidation of its subsidiaries' accounts. Under the instruction of The Royal Mint Trading Fund's Accounting Officer, The Royal Mint Trading Fund's accounts are prepared by the Finance Department of The Royal Mint Limited which also prepares both of The Royal Mint Trading Fund subsidiaries' accounts.

2.21 The report and accounts shall be laid in parliament and made available on The Royal Mint Limited's website, in accordance with the guidance in the FReM. A draft of the report should be submitted to the department two weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the department as well as the FReM.

Internal Audit

2.22 The Royal Mint Trading Fund shall:

- Establish and maintain arrangements for internal audit in accordance with the

*Treasury's Public Sector Internal Audit Standards (PSIAS)*¹

- Ensure that the sponsor department is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with PSIAS

2.23 The internal audit service has a right of access to all documents, including where the service is contracted out.

External Audit

2.24 The Comptroller & Auditor General (C&AG) audits The Royal Mint Trading Fund's annual accounts and lays them before parliament, together with their report.

2.25 The C&AG:

- will consult the department and The Royal Mint Trading Fund on whom – the NAO or a commercial auditor – shall undertake the audit(s) on their behalf, though the final decision rests with the C&AG
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from The Royal Mint Trading Fund
- will share with the sponsor department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the department's responsibilities in relation to financial systems within The Royal Mint Trading Fund
- will, where asked, provide departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which departments may request at the commencement of the audit and which are compatible with the independent auditor's role

2.26 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which The Royal Mint Trading Fund has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, The Royal Mint Trading Fund shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

Right of access

2.27 The department has the right of access to all The Royal Mint Trading Fund records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

¹ <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

Management and financial responsibilities

2.28 Unless agreed by HM Treasury, The Royal Mint Trading Fund and its subsidiaries shall follow the principles, rules, guidance and advice in *Managing Public Money*, referring any difficulties or potential bids for exceptions to the Enterprise and Growth Unit in HM Treasury via UKGI in the first instance.

2.29 The Royal Mint Trading Fund shall comply with *Managing Public Money* regarding novel, contentious or repercussive proposals. In cases of doubt as to whether something is novel, contentious or repercussive, this should again be raised as per 2.28 above.

Risk management

2.30 The Royal Mint Trading Fund and its subsidiaries shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance *Management of Risk: Principles and Concepts*.² It should adopt and implement policies and practices to safeguard itself against fraud and theft and it should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid in order to manage exposure to material loss.

Monitoring and reporting performance

2.31 Through UKGI, the Accounting Officer of the Royal Mint Trading Fund monitors the activities of Royal Mint Limited. In addition, the Royal Mint Trading Fund's own activities in relation to any National Loan Fund transactions are also monitored by UKGI. This monitoring seeks to ensure the required standards of regularity and propriety are being maintained in all the activities of the trading fund.

2.32 UKGI regularly monitors The Royal Mint Limited's performance for example through attendance at Board meetings, and organising semi-annual shareholder meetings attended by themselves, HM Treasury officials, The Accounting Officer and The Royal Mint Limited. The primary performance targets for the trading fund relate to The Royal Mint Limited. Progress towards targets is regularly monitored and the targets are reviewed as appropriate. See "Monitoring and reporting performance" in Chapter 3 for further details.

2.33 The Accounting Officer also considers the performance of The Royal Mint Museum by means of quarterly reports reviewing The Royal Mint Museum's performance during and at the end of the year. See "Monitoring and reporting performance" in Chapter 4 for further details.

2.34 At the level of The Royal Mint Trading Fund, the Accounting Officer commissions the Government Internal Audit Agency to provide assurance on the consolidation of the accounts. This information is provided to annual assurance meetings involving the Accounting Officer, HM Treasury, UKGI and, by exception, the National Audit Office.

² <https://www.gov.uk/government/publications/orange-book>

Arrangements in the event that The Royal Mint Trading Fund is wound up

2.35 The sponsor department shall put in place arrangements to ensure the orderly winding up of The Royal Mint Trading Fund. In particular it should ensure that the assets and liabilities of The Royal Mint Trading Fund are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the sponsor department.) To this end, the department shall:

- ensure that procedures are in place in The Royal Mint Trading Fund to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body
- specify the basis for the valuation and accounting treatment of The Royal Mint Trading Fund's assets and liabilities
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit. It shall be for the C&AG to lay the final accounts in Parliament, together with their report on the accounts
- arrange for the most appropriate person to sign the closing accounts. In the event that another public body takes on the role, responsibilities, assets and liabilities, the succeeding public body Accounting Officer should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the sponsor department's Accounting Officer should sign

2.36 The Royal Mint Trading Fund shall provide the department with full details of all agreements where The Royal Mint Trading Fund or its successors have a right to share in the financial gains of developers. It should also pass to the department details of any other forms of claw-back due to The Royal Mint Trading Fund.

The Royal Mint Advisory Committee

2.37 The Royal Mint Advisory Committee (RMAC) is an advisory non-departmental public body of HM Treasury. Its purpose is to review new designs of coins, medals, seals and decorations and then recommend preferred designs to the government. It operates independently of The Royal Mint Trading Fund and its membership is regulated by the Office for Commissioner of Public Appointments (OCPA). This framework document does not cover the RMAC.

3 The Royal Mint Limited

Structure and function of The Royal Mint Limited

3.1 In 2009, the trading assets and liabilities of The Royal Mint Trading Fund were vested into a subsidiary company (under the Companies Act) called The Royal Mint Limited. HM Treasury remains 100% owner of the shares of the company through The Royal Mint Trading Fund.

3.2 One of the primary responsibilities of The Royal Mint Trading Fund is the provision and maintenance of UK coinage as authorised under the Coinage Act 1971. The Royal Mint Limited is required to produce sufficient quantities of each denomination to meet public demand and is required to do so under the UK Coin Contract with HM Treasury.

3.3 The activities of The Royal Mint Limited currently include:

- the manufacture of UK circulating coins under a contract with HM Treasury
- the manufacture and supply of circulating coins and blanks for overseas governments, central banks, issuing authorities and mints
- the provision of technical services and advice related to the manufacture of coins and blanks
- the manufacture, marketing and distribution of UK and overseas commemorative coins, bullion and medals
- the manufacture and supply of official medals, seals and dies
- the licence of design rights for the manufacture and supply of gold sovereign coins
- the secure storage of precious metals
- any operation incidental or conducive to any of the above activities

Strategic Objectives

3.4 The Royal Mint Limited is set annual Ministerial targets which reflect HM Treasury's Strategic Objectives for the business and which focus on return on capital and customer service, including for the coin contract. The Ministerial targets are reviewed at the end of each financial year by the relevant Treasury Minister.

Ministerial responsibility and HM Treasury

3.5 The Chancellor of the Exchequer holds the ex-officio position of Master of the Mint, but delegates most of their legal duties relating to coinage to the Deputy Master, the Chief Executive of The Royal Mint Limited. This includes the day-to-day responsibility for the minting of coins and other duties The Royal Mint Limited is contracted to perform, for example under the Coinage Act 1971.

3.6 HM Treasury Ministers appoint the Chairman of The Royal Mint Limited. They also approve the following:

- the strategic objectives of The Royal Mint Limited

- the appointment of the Chief Executive
- the disposal of any shares in the Company
- changes to the approved capital structure
- acquisitions, disposals and joint ventures of more than £25 million (value, net assets or profits)

Governance of The Royal Mint Limited

3.7 The Royal Mint Limited is governed by a Board of Directors.

3.8 The Accounting Officer of The Royal Mint Trading Fund is accountable to Parliament for The Royal Mint Trading Fund, including The Royal Mint Limited as a subsidiary.

3.9 UKGI has been delegated shareholding responsibilities to manage HM Treasury's day-to-day shareholding and debt funding relationships with The Royal Mint Limited on behalf of HM Treasury Ministers and in consultation with HM Treasury officials. The Enterprise and Growth Unit (EGU) in HM Treasury has policy responsibility for HM Treasury's shareholding.

Responsibilities of The Royal Mint Trading Fund Accounting Officer

3.10 The Royal Mint Trading Fund Accounting Officer is responsible for The Royal Mint Trading Fund and its subsidiaries, The Royal Mint Limited and The Royal Mint Museum. The responsibilities of The Royal Mint Trading Fund Accounting Officer are outlined in Chapter 2.

Responsibilities of The Royal Mint Limited's Chief Executive

3.11 The Chief Executive is also the Deputy Master of the Mint and has been delegated most of the legal duties relating to coinage (including the day-to-day responsibility for the minting of coins) by the Chancellor of the Exchequer.

It is also the Chief Executive's responsibility to ensure that the Royal Mint Limited operates in accordance with the principles of regularity, propriety, value for money, and feasibility, as set out in Managing Public Money ('MPM'). Where there are inconsistencies between MPM and The Royal Mint Limited's ability to operate commercially and effectively, this should be brought to the attention of UKGI and the Accounting Officer.

3.12 The Chief Executive has primary responsibility for the day-to-day management of the business and discharges their responsibilities through an Executive, whose membership is made up from the Executives leading the main functions of the business. The Executive meets formally on a regular basis.

3.13 The specific roles and responsibilities of the Executive include:

- efficient and effective operation of the business
- development and subsequent implementation of a long-term strategy in conjunction with the Board
- development and subsequent implementation of an annual budget (including a corporate plan) for approval by the Board
- preparation of a risk register and subsequent reviews and mitigating actions
- development of remuneration systems for staff, including performance related pay

The Royal Mint Limited's Board

3.14 The role of The Royal Mint Limited Board is to provide entrepreneurial leadership of the company, within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board sets the company's strategic aims, and ensures the financial and human resources are in place for the company to meet its objectives and review management performance. The Board sets the company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

3.15 The roles and responsibilities of the Board include:

- to set the company's strategic aims
- approval of the annual budget and five-year plans
- oversight of corporate risk register and internal control systems
- oversight of business performance
- approval of major capital expenditure
- development of remuneration systems for Executive Directors, including performance related pay
- approval of Senior Executive appointments or, where appropriate, recommendation of appointments to UKGI / HM Treasury Ministers
- performance appraisal of Executive Management and succession planning
- scrutiny of financial accounts through the Audit Committee of the Board
- compliance with statutory requirements and UK Corporate Governance Code guidelines
- annual evaluation of its performance and that of its committees

3.16 The Board should operate in line with best practice in corporate governance, including those elements of the Financial Reporting Council's "UK Corporate Governance Code" (as amended, updated or replaced from time to time) which are relevant to an organisation of its size and complexity. The Board will constitute the following committees:

- audit
- remuneration
- nominations

3.17 The membership and terms of reference of each committee should be published in the Annual Report.

Responsibilities of The Royal Mint Limited's Chairman

3.18 The Chairman is responsible to the named minister. Communications between The Royal Mint Limited's Board and the responsible minister should normally be through the Chairman. He or she is responsible for ensuring that policies and actions support the responsible minister's wider strategic policies and that its affairs are conducted with probity. Where appropriate, these

policies and actions should be clearly communicated and disseminated throughout The Royal Mint Limited.

3.19 In addition, the Chairman's responsibilities include:

- delivering high standards of regularity and propriety
- periodic internal and external reviews of the Board performance and composition ensuring the Board has adequate systems to monitor and address any conflicts between the business and the personal interests of its individual directors
- participating in matters such as recruitment of senior employees and remuneration, which may include sitting on the Remuneration committee and chairing the Nominations committee

3.20 Individual board members should:

- comply at all times with the Code of Conduct for Board Members of Public Bodies and with the rules relating to the use of public funds and to conflicts of interest
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments
- act in good faith and in the best interests of The Royal Mint Limited

Annual report and accounts

3.21 The Royal Mint Limited accounts are consolidated into The Royal Mint Trading Fund accounts which as described in Chapter 2, should outline main activities and performance during the previous financial year and set out in summary form forward plans and should cover any corporate, subsidiary or joint ventures under its control.

3.22 The Accounts to be produced by The Royal Mint Limited will comply with Companies Act and UK GAAP (including IFRS or other accounting standards and auditing guidelines recognised by the FRC) regarding the presentation or form of such accounts. Information on performance against key financial targets should be included in the commentary provided with the accounts.

3.23 The accounts will be made available on The Royal Mint Limited's website.

Internal Audit

3.24 The Royal Mint Limited shall:

- Establish and maintain arrangements for internal audit in accordance with the *Treasury's Public Sector Internal Audit Standards (PSIAS)*³
- Ensure that the sponsor department is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with PSIAS
- Set up an audit committee in accordance with the *Code of Good Practice for*

³ <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

3.25 The internal audit service has a right of access to all documents, including where the service is contracted out.

External Audit

3.26 The Comptroller & Auditor General (C&AG) audits The Royal Mint Trading Fund's annual accounts (the consolidated accounts of the Trading Fund and its subsidiaries) and lays them before parliament, together with their report.

3.27 The Royal Mint Limited Board is responsible for the appointment of suitably recognised and reputable external auditors who are responsible for reporting on the Annual Report and Accounts of The Royal Mint Limited in accordance with Companies Act and other relevant legislation and guidelines.

Management and financial responsibilities

3.28 Unless agreed by HM Treasury, The Royal Mint Trading Fund and its subsidiaries shall follow the principles, rules, guidance and advice in *Managing Public Money*, referring any difficulties or potential bids for exceptions to the Enterprise and Growth Unit in HM Treasury via UKGI in the first instance.

3.29 HM Treasury approves the capitalisation and funding of The Royal Mint Limited up to certain limits. The Board of The Royal Mint Limited is expected to run the Company within this approved funding structure. These limits can be reviewed by HM Treasury from time to time and in conjunction with any proposed changes to the strategic objectives of The Royal Mint Limited.

3.30 The Royal Mint Limited may use private sector providers of working capital facilities, bullion loans, hedging, foreign exchange and other banking services required to enable it to deliver the strategic objectives, on the basis that these are provided and secured on normal commercial terms, without reliance on HM Treasury as guarantor or otherwise provider of backstop financial support (except in those circumstances separately agreed and documented as part of vesting), and are approved by the Board within its established risk and controls framework.

Corporate governance

Composition of the Board

3.31 In line with the government's *Code of good Practice* and UK Corporate Governance Code guidelines,⁵ the Board will consist of a Chairman, together with a number of executive members that have a balance of skills and experience appropriate to directing The Royal Mint Limited's business. The board should include independent non-executive members to ensure that executive members are supported and constructively challenged in their role.

Board appointments – the Chairman and Board members

3.32 The Royal Mint Limited Chairman is appointed by the responsible Minister.

⁴ <https://www.gov.uk/government/publications/audit-committee-handbook>

⁵ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>

Board appointments – the Chief Executive

3.33 The appointment of the Chief Executive will be subject to approval by the responsible Minister.

Board appointments – UKGI Director

3.34 HM Treasury will appoint a UKGI Director as a Non-Executive Director of The Royal Mint Limited. UKGI Director may be a member of the Board committees.

Board appointments – Other Non-Executive Directors

3.35 The appointment process will be run by the Nominations Committee in consultation with UKGI, and appointments will be made with the approval of UKGI.

Risk management

3.36 The Royal Mint Limited shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance *Management of Risk: Principles and Concepts*.⁶ It should adopt and implement policies and practices to safeguard itself against fraud and theft and it should also take all reasonable steps, using a risk-based approach, to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid in order to manage exposure to material loss.

Business plans

3.37 The Board of The Royal Mint Limited is responsible for delivery of a multi-year strategic plan including 3-5 year financial projections which will set out the strategic activities and targets which are necessary to ensure the Board has a plan to realise the strategic objectives / Ministerial targets set by HM Treasury. The Board will also prepare an annual budget which sets out the budget and funding plan for the coming financial year consistent with the strategic objectives / Ministerial targets.

Monitoring and reporting performance

3.38 The Royal Mint Limited shall operate management, information and accounting systems that enable it to review its financial and non-financial performance against the budgets and targets set out in the annual budget.

3.39 UKGI will regularly monitor The Royal Mint Limited's performance against the objectives set out in the strategic objectives and in the annual budget by means of the following:

- membership of and attendance at Board and relevant Board Committee meetings
- Quarterly Shareholder Meetings as the centrepiece of the formal reporting relationship between UKGI, HM Treasury officials, the Accounting Officer and The Royal Mint Limited. The purpose of these meetings is to provide a forum to review The Royal Mint Limited's performance, risks and opportunities and any objectives set out in the annual budget. The Royal Mint Limited will prepare a report to facilitate these meetings based on half year and full year results. These reports will contain such information as HM Treasury and UKGI, in consultation with The Royal Mint Limited, requires

⁶ <https://www.gov.uk/government/publications/orange-book>

- the Royal Mint Limited will promptly and without delay disclose any information to UKGI and HM Treasury that would have a significant bearing on the delivery of, or may have a significant impact on the assumptions underlying, the Strategic objectives or the annual budget
- in addition to the regular meetings described above, meetings will take place between HM Treasury officials, UKGI and the Board to discuss the affairs of The Royal Mint Limited at HM Treasury's request
- HM Treasury and UKGI will be entitled, on reasonable notice, to such information in relation to the affairs of The Royal Mint Limited as they may consider necessary or desirable from time to time

3.40 The Chairman and Chief Executive of The Royal Mint Limited will, if required, fully co-operate with the requests of all relevant Parliamentary committees for scrutiny and otherwise to answer questions about The Royal Mint Limited.

Staff

3.41 Within the arrangements approved by the responsible Minister and the Treasury, The Royal Mint Limited will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness
- the performance of its staff at all levels is satisfactorily appraised and The Royal Mint Limited performance measurement systems are reviewed from time to time
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve The Royal Mint Limited's objectives
- proper consultation with staff takes place on key issues affecting them
- adequate grievance and disciplinary procedures are in place
- whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place

3.42 Staff terms and conditions should be set out in an Employee Handbook, which should be accessible to the sponsor department via UKGI together with subsequent amendments.

4 The Royal Mint Museum

Structure and function of The Royal Mint Museum

4.1 The Royal Mint Museum was established as a company limited by guarantee in 2009 when the heritage assets of The Royal Mint Trading Fund were vested into The Royal Mint Museum. The Museum was granted charitable status in 2010 and its sole member is HM Treasury.

4.2 The primary function of The Royal Mint Museum is the advancement of education of the public in the history of coinage and related artefacts and of the activities of The Royal Mint.

4.3 The Royal Mint Museum is a company limited by guarantee and accordingly does not have a share capital. The company guarantor is The Royal Mint Trading Fund.

4.4 The Museum wholly owns a subsidiary company, Royal Mint Museum Services Limited, also established in 2009 to carry out all its commercial activities, including services to The Royal Mint Limited.

Strategic Objectives

4.5 The objective for The Royal Mint Museum is the management and protection of the collection and the advancement of education of the public in the history of coinage and related artefacts of the activities of The Royal Mint by exhibiting, interpreting and providing access to the collection.

Ministerial responsibility and HM Treasury

4.6 The Chancellor of the Exchequer holds the ex-officio position of Master of the Mint. The Chancellor delegates most of their legal duties relating to coinage to the Deputy Master, the Chief Executive of The Royal Mint Limited.

Governance of The Royal Mint Museum

4.7 HM Treasury is the sole Member of The Royal Mint Museum. The Royal Mint Museum is governed by a Board of Trustees through its Memorandum and Articles of Association which provide for the appointment and reappointment of Trustees. A recruitment panel, consisting of current Trustees is formed to advise and have oversight of the Trustee appointment process.

4.8 The Deputy Master of the Mint (the Chief Executive of The Royal Mint Limited) is one of the Trustees of the Royal Mint Museum.

4.9 The Trustees exercise oversight and supervision of all the Museum's main functional areas and decide on the strategy for the Museum. This includes:

- finance and fund raising
- acquisition and disposal
- education and public programmes
- exhibitions
- collection management and conservation

- activities of its subsidiary, Royal Mint Museum Services Limited

4.10 The implementation of the strategy and the operational management is delegated to the Director of The Royal Mint Museum.

4.11 The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. The Trustees are also responsible for safeguarding the assets of the charitable company (and the group) and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibilities of The Royal Mint Trading Fund Accounting Officer

4.12 The Royal Mint Trading Fund Accounting Officer is responsible for The Royal Mint Trading Fund and its subsidiaries, The Royal Mint Limited and The Royal Mint Museum. The responsibilities of The Royal Mint Trading Fund Accounting Officer are outlined in Chapter 2.

Annual report and accounts

4.13 The Royal Mint Museum's accounts are consolidated into The Royal Mint Trading Fund annual report (details of the requirements for which are set out in Chapter 2).

4.14 The Trustees of The Royal Mint Museum are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law, United Kingdom Generally Accepted Accounting Practice and the Charity Statement of Recommended Practice.

4.15 The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2005).

4.16 The report and accounts shall be made available on The Royal Mint Museum's website.

External Audit

4.17 The Comptroller & Auditor General (C&AG) audits The Royal Mint Trading Fund's annual accounts (the consolidated accounts of the Trading Fund and its subsidiaries) and lays them before parliament, together with their report.

4.18 The Royal Mint Museum Trustees are responsible for the appointment of suitably recognised and reputable external auditors who are responsible for reporting on the Annual Report and Accounts of The Royal Mint Museum in accordance with Companies Act and other relevant legislation and guidelines.

Management and financial responsibilities

4.19 Unless agreed by HM Treasury, The Royal Mint Trading Fund and its subsidiaries shall follow the principles, rules, guidance and advice in *Managing Public Money*, referring any difficulties or potential bids for exceptions to the Enterprise and Growth Unit in HM Treasury.

Risk management

4.20 The Royal Mint Museum shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance *Management of*

Risk: Principles and Concepts (<https://www.gov.uk/government/publications/orange-book>). It should adopt and implement policies and practices to safeguard itself against fraud and theft and it should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid in order to manage exposure to material loss.

Business plan

4.21 The Trustees decide on the strategy for the Museum. The implementation of the strategy and the operational management is delegated to the Director of The Royal Mint Museum.

Monitoring and reporting performance

4.22 The Royal Mint Museum shall operate management, information and accounting systems that enable it to review its financial and non-financial performance against the budgets and targets set out in the business plan.

4.23 HM Treasury will regularly monitor The Royal Mint Museum's performance against the objectives set out in the strategic objectives and in the business plan by means of the following:

- semi-annual reports from Director of the Royal Mint Museum to the Accounting Officer reviewing The Royal Mint Museum's performance, risks and opportunities and any objectives. These reports will contain such information as HM Treasury, in consultation with The Royal Mint Museum, requires
- the Director of the Royal Mint Museum will promptly and without delay disclose any information to HM Treasury that would have a significant bearing on the delivery of, or may have a significant impact on the assumptions underlying, the Strategic objectives
- in addition to the regular updates described above, meetings may take place between HM Treasury officials and the Director of the Royal Mint Museum to discuss the affairs of The Royal Mint Museum at HM Treasury's request
- HM Treasury will be entitled, on reasonable notice, to such information in relation to the affairs of The Royal Mint Museum as they may consider necessary or desirable from time to time

4.24 The Trustees and the Director of the Royal Mint Museum will, if required, fully cooperate with the requests of all relevant Parliamentary committees for scrutiny and otherwise to answer questions about The Royal Mint Museum.

Staff

4.25 Staff are seconded from The Royal Mint Limited to The Royal Mint Museum. Further detail on Royal Mint Limited staff is set out in Chapter 3.

Royal Mint Trading Fund: A Treasury Minute

Dated 21 July 2020

1. The Royal Mint Trading Fund Order 1975 SI 1975 No 501 established the Royal Mint Trading Fund as from 1 April 1975.
2. Section 4(1) of the government Trading Funds Act 1973 provides that a trading fund established under the Act shall be under the control and management of the responsible Minister and in discharge of his function in relation to the fund it shall be his duty to:
 - a. To manage the funded operation so that the revenue of the fund:
 - i. Consists principally of receipts in respect of goods or services provided in the course of the funded operations.
 - ii. Is not less than sufficient, taking on year with another, to meet outgoings which are properly chargeable to revenue accounts; and
 - b. To achieve such further financial objectives as the Treasury may from time to time by Minute laid before the House of Commons indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
3. Section (1) of the government Trading Fund Act 1975 provides that for the purposes of the Act the Chancellor of the Exchequer is to be regarded as the Minister responsible for the administration for the Mint, and the Act, so far as it requires the concurrence of the Treasury for anything to be done under or for the purposes of section 4, does not apply to him as responsible Minister in relation to the Mint.
4. The Chancellor of the Exchequer has determined that the further financial objectives desirable of achievement by the Mint from 1 April 2020, with the first reporting period starting in 20/21, shall be to record an Economic Value Add (EVA)⁷ of £3.6m, and to grow this over time by 5% per annum. This will be measured on a 3-year rolling basis.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4 (1)(b) of the government Trading Fund Act 1973.

HM Treasury

21 July 2020

⁷ EVA is the value generated by a business once it has covered its cost of capital. EVA is expressed as an absolute amount, rather than as a percentage, and the objective is to grow EVA at a target rate over the medium to long-term.

HM Treasury contacts

This document can be downloaded from www.gov.uk

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