EXPLANATORY MEMORANDUM TO

THE ROYAL MINT TRADING FUND (EXTENSION AND VARIATION) (AMENDMENT) ORDER 2024

2024 No. 1094

1. Introduction

1.1 This explanatory memorandum has been prepared by HM Treasury and is laid before the House of Commons by Command of His Majesty.

2. Declaration

2.1 Darren Jones, Chief Secretary to the Treasury, confirms that this Explanatory Memorandum meets the required standard.

2.2 Robert Mackie, Deputy Director responsible for The Royal Mint Sponsorship team at HM Treasury, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Georgina Beattie at HM Treasury Telephone: 07866 059665 or email: georgina.beattie@hmtreasury.gov.uk can be contacted with any queries regarding the instrument.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 The Royal Mint Trading Fund (Extension and Variation) (Amendment) Order 2024 increases the maximum amount that the Royal Mint Trading Fund (RMTF) may borrow from £50 million to £105 million.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales, Scotland and Northern Ireland.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales, Scotland and Northern Ireland.

5. Policy Context

What is being done and why?

5.1 The RMTF is an executive agency of HM Treasury. RMTF has a number of subsidiaries including The Royal Mint Limited (RML) and The Royal Mint Museum. RML is contracted by HM Treasury (under the UK Coin Contract) for the production and issuance of UK circulating and commemorative coin. The business has been significantly impacted by the decline in physical coin usage and is successfully diversifying into new business areas to support profitability, including an investment offering for precious metals, a jewelry collection and recycling precious metals from e-waste.

5.2 RMTF, under The Royal Mint Trading Fund (Extension and Variation) Order 2002 (the "2002 Order"), currently has the authority to borrow up to £50 million from the National Loans Fund. RMTF does not take part in commercial activity but borrows from the National Loans Fund and transfers the funds to RML to support business needs. The current £50 million limit includes a £36 million revolving credit facility, £5.5 million public dividend capital and £8.5 million headroom. HM Treasury would like to increase the total amount of potential borrowing to £105 million. HMT does not anticipate increasing the borrowing figure again in the near future, so we have updated it now to account for inflation since 2002 and RML's medium term business needs.

5.3 The variation to the 2002 Order by this instrument does not extend or restrict the funded operations of the RMTF but merely increases the maximum potential borrowing limit. RML will still need to seek HM Treasury approval to borrow from the National Loans Fund.

What was the previous policy, how is this different?

5.4 The RMTF was established in 1975, with a limit on maximum indebtedness of £20 million. This limit was subsequently increased in 2002 to £50 million, alongside provisions to extend the operations of the RMTF. It has been twenty-two years since the limit was last increased. An uplift is therefore timely to support RML future ventures.

6. Legislative and Legal Context

How has the law changed?

6.1 The RMTF was established by The Royal Mint Trading Fund Order 1975 (S.I. 1975/501) (the "1975 Order") and its functions extended by the 2002 Order. Both Orders were made by powers contained in the Government Trading Funds Act 1973.

6.2 The 1975 and 2002 Orders set out the funded operations and terms on which the RMTF operates, including the limit on total indebtedness. The 1975 and 2002 Orders provide for financing by way of public dividend capital and borrowing from the National Loans Fund.

6.3 The RMTF was originally established with a limit on maximum indebtedness of £20 million, as set out in article 5 of the 1975 Order. This was uplifted to the current limitation of total indebtedness by article 4 of the 2002 Order, which currently stands at £50 million.

6.4 The Royal Mint Trading Fund (Extension and Variation) (Amendment) Order 2024 amends the 2002 Order to further raise the total indebtedness limit to £105 million.

Why was this approach taken to change the law?

6.5 This is the only possible approach to make the necessary changes.

7. Consultation

Summary of consultation outcome and methodology

7.1 As this Statutory Instrument only relates to the operation of HM Treasury's own trading fund, there is no need to conduct a consultation.

8. Applicable Guidance

8.1 None.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen.

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on business, charities or voluntary bodies. The only impact is on The Royal Mint and that is to increase its borrowing capacity.

9.3 The legislation does not impact small or micro businesses.

9.4 There is no, or no significant, impact on the public sector.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is the RMTF will report its current financial position through its Annual Report and Accounts which are usually laid in Parliament every year, meaning levels of borrowing and repayments of loans will be monitored at least annually.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

13. The Relevant European Union Act

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").