

THIS TIME THEY REALLY ARE GOING TO SELL THE SILVER

The Royal Mint was established in the thirteenth century and has been located in Llantrisant since 1968.

As well as producing UK coinage and official medals and seals, it also supplies export orders for some sixty foreign countries annually. It is an executive agency of HM Treasury and is run as a trading fund; its staff are civil servants.

There are currently some 750 permanent staff and around 100 casual staff employed at the Mint and these are represented by three recognised unions: PCS, Prospect and Unite.

All three unions have deep concerns about the institution's future as a public sector employer based in Llantrisant, as a result of major changes to its status and organisation, currently being introduced at the behest of the Treasury.

The Grimstone review

The Royal Mint was reviewed by Gerry Grimstone as part of the Treasury's Operational Efficiency Programme (OEP), the results of which were published on 21 April. As a senior civil servant under the Thatcher government in the 1980s, Grimstone earned the nickname 'Mr Privatisation', by organising the sell-off of some 20 public concerns. It was hardly unexpected, therefore, that his conclusion on the Royal Mint was that 'There is now a strong case for the introduction of private capital [which] will best allow the business to pursue further commercial opportunities and grow, taking advantage of the resources and opportunities which come from moving outside the public sector.' The immediate consequence of this is that the Mint will be 'vested' as a government-owned company by the end of the year.

Ministers and senior management at the Mint have played down – and at times even denied – the longer-term plan to privatise the Mint, which is clearly indicated by Grimstone's conclusion cited above. The Exchequer Secretary to the Treasury, Sarah McCarthy-Fry, now says that the Government 'has not made a decision on any possible future privatisation.' This is hardly reassuring.

Vesting: first step towards a sell-off?

It has been suggested that the purpose of vesting is simply to enable the Mint to secure additional funding to facilitate investment in equipment and training, as well as greater commercial flexibility, allowing the Mint to enter into partnerships with private companies. Yet the Treasury's own guidance on trading funds states: 'The ability of a government-owned company to borrow from the market is restricted to those companies which are on the path to privatisation...as a generality, government-owned company status does not offer any advantage over trading fund status.' There is a similar statement on the website of the Shareholder Executive, which is responsible for overseeing trading funds, government-owned companies and other publicly-owned, commercially-run concerns. Ms McCarthy-Fry says that this is 'just guidance' – but then says that the Mint already 'makes use of arrangements with private sector banks' – prompting a question as to why vesting is necessary.

Our anxieties about the possible privatisation of the Mint have been echoed publicly by a number of leading Welsh politicians, including Jane Davidson, in her capacity as the local AM. Rhodri Morgan has said that he wrote to the Chancellor in April, 'outlining concerns about the possible privatisation of the Royal Mint' but had still not had a reply two months later.

Why we oppose privatisation

We are conscious that the Government is seeking to meet a shortfall in the public finances as a result of the recession and are therefore concerned that the review of the Royal Mint, and the other organisations included in the OEP, has been driven by considerations other than the best interests of the Mint as an organisation, and of its customers and staff. There is no credible rationale for changing the Mint's existing business model, given its record of success in recent years, which the OEP final report acknowledges. All ministerial targets have been met and profit of nearly £10 million made during 2007/08 and over £8 million during 2008/09. A dividend of £4 million was paid to the Exchequer in both years.

Royal Mint staff want that success to be consolidated through investment in new technology to develop the business – but they want any profits generated to benefit the UK taxpayer,

not some private company. They are proud to work for such a prestigious and high-profile organisation, with a thousand years of history, and would not wish to see any change that might harm its performance and reputation.

The present volatile economic situation makes it particularly unwise to embark on any course of action that might make public services dependent on private capital. In addition to the Government's bailout of the private banking sector, it has recently backed away from its plan to part-privatise the Royal Mail and has had to take the East Coast rail service into state ownership after National Express sought to renegotiate its contract, following losses of £20m in six months due to falling passenger numbers.

Neither the unions nor the staff we represent are against change; indeed, we have engaged constructively with management initiatives in recent years,

such as a 'Business Improvement Programme', which saw the introduction of significant changes including some 70 redundancies, which helped to facilitate improvements in efficiency. But our members at the Mint now have serious anxieties about the implications of further changes for their status and prospects. Mr Grimstone made little effort to obtain their views while conducting his review – never, as far as we are aware, visiting the Llantrisant site, nor even meeting the chief executive. Companies taking on public sector work almost invariably seek to increase their profit margins by cutting back on employees' jobs, pay and conditions and there are particular concerns about pension rights. Royal Mint management have already indicated that new staff joining the company, after vesting, will be on different terms and conditions. We do not want to see a two-tier workforce; instead, we want to see all staff remain within the public sector and the Civil Service Pension Scheme.

What the unions are doing

We have been raising our concerns through the political process and have arranged meeting with both the Exchequer Secretary to the Treasury (on 20 October) and the Secretary of State for Wales (on 16 November). We will also be holding a drop-in briefing at the House of Commons on 21 October. In addition, whilst we are opposed to the process of vesting, we are having ongoing discussion with Royal Mint management, to protect members' interests as far as possible in the event that vesting takes place as planned. In our regular meeting with Human Resources we have covered such issues as pensions, the Civil Service Compensation Scheme and staff welfare. These discussions are underpinned by the protections given by the TUPE legislation. We have established that the terms and conditions of current staff will not change and have had confirmation that the Mint will offer the same rates of pay as existing staff to future joiners. Further guarantees are being sought in relation to the other terms and conditions of new staff, to ensure that we do not have a two-tier workforce.

What you can do

Write to Sarah McCarthy-Fry, Treasury Minister at HM Treasury, Westminster:

1. To secure clear, public assurances that the Royal Mint, will remain, in its entirety, in the public sector and that all significant Royal Mint operations currently located in Llantrisant will remain at that site, for the foreseeable future;
2. To establish what the Government hopes to gain by vesting the Mint as a government-owned company, given that the Treasury's own guidance on trading funds suggest that there would provide no additional commercial flexibilities unless privatisation is the ultimate goal; and
3. To help prevent the development of a two-tier workforce at the Mint if and when the vesting process is completed, and to secure terms and conditions – including pension rights – for new staff as good as those enjoyed by existing employees.

For further information, please contact

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