

ACS Submission: Specification of the £1 Coin Technical Consultation

ACS (Association of Convenience Stores) welcomes the opportunity to respond to the HM Treasury consultation on the specification of the new £1 coin. ACS represents 33,500 local shops across the country including the Co-operative Group, Spar UK, Nisa Retail, Costcutter and thousands of independent retailers.

Cash transactions are an important part of convenience retailing, with 81% of convenience store customers paying by cash and the average basket spend is £6.13.¹ Changes to the design and specification of the £1 coin will therefore affect our members. The introduction of a new £1 coin would have a positive impact on the quality of coins in circulation, given the high number and the ease of creating counterfeits.

The key area of concern for the convenience sector is the level of disruption caused by the transitional arrangements. We are committed to working with the Treasury and the Bank of England to ensure there is a proactive communications strategy that will inform the whole sector, both large and small retailers, about the changes to the £1 coin.

ACS has responded to the relevant questions below:

Question 1: Do you have any views in relation to the four key security features proposed at Budget 2014 (12-sided, bi-metallic, bi-colour and The Royal Mint's new anti-counterfeiting technology?)?

ACS welcomes the new security features proposed in the consultation, but creating a coin that is accepted by current vending machines and other automated uses of coin are important for retailers to avoid the additional cost of upgrading their machines. ACS' Local Shop Report 2014 identified that only 2% of stores currently use self-scan tills, but between now and 2017 this is likely to increase and self-scan tills are expensive to upgrade. Retailers also operate a number of other coin operated machines including coffee machines, photo booths, photocopiers, and air and vacuum machines on petrol forecourts.

Staff training on the changes to the security features must be easily identifiable so that retailers can recognise them when handling transactions and they do not inadvertently accept counterfeit coins. It would be beneficial if the Treasury could provide supporting guidance for retailers and their staff to ensure familiarity with the changes.

Question 6 (a): Would you like to comment on any of the identified transition effects associated with introducing a new and highly secure £1 coin?

Replacing the £1 coin in the long term would be beneficial to retailers given the high number of counterfeits in circulation; however the transition to a new coin would pose certain challenges.

¹ ACS Local Shop Report 2014

A clear timetable setting out the process for the introduction of the new £1 coin is integral to ensuring a smooth transition. The current timetable provides a good overview of activity especially the ability for the industry to see the new £1 coin before it enters consultation.

We would value more information on HM Treasury's proposed activities between summer 2015 and 2017 to engage with the industry, for example speaking at industry events, attending trade shows, and a wider communications strategy. This will enable ACS and other trade bodies to plan supporting activity.

As identified in the consultation, the adaption of machines to accept the new coin will be important in the retail sector. This is important for the operation of self-scan tills and coin lock mechanisms on trolleys. We urge HM Treasury to issue advice as early as possible on this to help retailers make the changes in good time for the new coins.

Question 7 (a): Do you have any views on the proposed timing of the introduction of the new £1 coin in early 2017?

Question 7 (b): Do you have any views on the expected period of co-circulation with the present £1 of six months?

ACS welcomes the introduction of the £1 coin in early 2017, avoiding busy trading periods such as Christmas, Easter and school holidays. As a rollout of the new coin would take place during the staggered rollout of polymer notes, there would be a need for continued engagement and support for retailers during this process. HM Treasury should attempt to work with the Bank of England to identify opportunities to communicate both the polymer note changes and the £1 coin changes.

Co-circulation of the coins could lead to consumer confusion when using coin operated machines, depending on when retailers are able to upgrade any machines they have that use £1 coins. It is highly likely that the coin operated machines will only be able to accept one type of coin at a time, meaning that retailers will have to maintain a higher float of £1 coins to service customers' needs. Keeping higher levels of cash on the premises poses a greater risk and a potential higher loss from robbery².

ACS is committed to working with HM Treasury and the Bank of England to communicate the forthcoming currency changes to the convenience sector. For further information on this consultation response, please contact Sophie Mew at sophie.mew@acs.org.uk or call 01252 515001.

² ACS Crime Report 2014 – the average cost of a convenience store robbery was £1792 in 2013.