ST ANDREW’S DAY BANK HOLIDAY (SCOTLAND) BILL

EXPLANATORY NOTES

(AND OTHER ACCOMPANYING DOCUMENTS)

CONTENTS

1. The following documents are published to accompany the St Andrew’s Day Bank Holiday (Scotland) Bill introduced in the Scottish Parliament on 19 May 2005:

   - Explanatory Notes;
   - a Financial Memorandum; and
   - the Presiding Officer’s Statement on legislative competence.

The Financial Memorandum and Presiding Officer’s statement are required under Rule 9.3 of the Parliament’s Standing Orders. A Policy Memorandum is printed separately as SP Bill 41– PM.
EXPLANATORY NOTES

INTRODUCTION

2. These Explanatory Notes have been prepared by the Non-Executive Bills Unit on behalf of Dennis Canavan, the member in charge of the Bill. They have been prepared in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by the Parliament.

3. The Notes should be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill. So where a section or schedule, or a part of a section or schedule, does not seem to require any explanation or comment, none is given.

SUMMARY AND BACKGROUND TO THE BILL

4. The Bill establishes a bank holiday to mark St Andrew’s Day.

5. The Bill does this by amendment of paragraph 2 of Schedule 1 to the Banking and Financial Dealings Act 1971 (c.80) – which is the part of the Act that specifies bank holidays in Scotland – in order to insert an additional day.

6. The 1971 Act sets out those days that are bank holidays in England and Wales, Scotland and Northern Ireland. It does not require banks (or any other employer) to close on bank holidays. It was brought into place to relieve people of obligations to make payments on such days in the same way that they are not required to do on Christmas Day or Good Friday; and to give power by order to suspend financial and other dealings on specified days, being bank holidays and Saturdays when traditionally the banks would be closed.

7. The 1971 Act does not give statutory rights for staff who work on these days to extra pay or time off on bank holidays, that being a matter of contract or agreement between employer and employee.

8. The bank holidays for Scotland are:
   - New Year’s Day (or in lieu of 1 Jan, if a Saturday or Sunday)
   - 2 Jan (or in lieu of 2 Jan, if a Saturday or Sunday)
   - Good Friday
   - Early May Bank Holiday
   - Spring Bank Holiday
   - Summer Bank Holiday
   - Christmas Day (or in lieu of 25 Dec, if a Sunday)
   - Boxing Day (or in lieu of 26 Dec, if a Sunday)
These documents relate to the St Andrew’s Day Bank Holiday (Scotland) Bill (SP Bill 41) as introduced in the Scottish Parliament on 19 May 2005

COMMENTARY ON SECTIONS

Section 1

9. Section 1 amends paragraph 2 of the Schedule to the 1971 Act and stipulates that the St Andrew’s Day bank holiday is to apply on St Andrew’s Day itself (30 November) unless that date falls on either a Saturday or a Sunday. For those years in which St Andrew’s Day does fall at the weekend then the bank holiday will be the immediately following Monday. Thereby if 30 November falls on the Saturday then the bank holiday applies on Monday 2 December, or if 30 November falls on the Sunday then the bank holiday applies on Monday 1 December.

FINANCIAL MEMORANDUM

INTRODUCTION

10. This document relates to the St Andrew’s Day Bank Holiday (Scotland) Bill introduced in the Scottish Parliament on 19 May 2005. It has been prepared by Dennis Canavan MSP, who is the member in charge of the Bill, to satisfy Rule 9.3.2 of the Parliament’s Standing Orders. It does not form part of the Bill and has not been endorsed by the Parliament.

11. There are no direct costs resulting from the provisions of the Bill. Costs accrue to employers only if one additional day’s holiday is agreed through negotiation of employees’ holiday entitlement.

COSTS ON THE SCOTTISH ADMINISTRATION

12. It must be noted that the establishment of an additional bank holiday does not place a statutory obligation on employers to grant it as part of employee holiday entitlement (see the Policy Memorandum for more detail). Legislation on bank holidays provides for designated days on which banking transactions are suspended without penalty. Therefore any additional costs to employers are entirely dependent upon the outcome of negotiations with employees in relation to holiday entitlement.

13. There would be zero cost to the Scottish Administration if the St Andrew’s Day holiday were simply included within the existing total annual holiday entitlement of employees or if it were substituted for an existing holiday, as is the case with some public sector employment at present. The Scottish Parliamentary Corporate Body intimated this to be the case in a written answer to the member in charge of the Bill, stating that there is no additional cost of granting a St Andrew’s Day holiday to its employees.1

1 Written Answer S2W-14189 (4 March 2005).
14. If the holiday is established as an additional holiday, costs on the Scottish Administration would arise from its role as an employer and the additional amount would be equal to current costs incurred as a result of granting its employees one additional day’s holiday entitlement. In a written answer to the Member in charge of the Bill, the Scottish Executive estimates this at about £0.64 million².

COSTS ON LOCAL AUTHORITIES AND OTHER PUBLIC BODIES

15. A similar situation exists for local authorities as for the Scottish Administration in that any costs would arise in connection with their role as employers. Therefore there would be zero costs if the holiday were included within existing holiday entitlements. If, on the other hand, an additional holiday were granted, the additional costs to an employer would be equal to current costs incurred as a result of granting employees one additional day’s holiday entitlement. The Scottish Executive estimates this at about £16.5 million for NHS staff² and about £24.5 million for local authority staff², although one of Scotland’s largest local authorities estimated its own additional costs at only about £145,000³.

16. While acknowledging the potential cost of an additional holiday, several local authorities responding to the consultation also believed that the overall benefits to the economy would outweigh any additional costs.

COSTS ON OTHER BODIES, INDIVIDUALS AND BUSINESSES

17. Similarly, the main cost to other bodies and businesses would be where pay and holiday entitlement negotiations agreed an additional holiday. Where an additional holiday has been agreed, costs would include those arising from loss of production and/or services in the case of businesses which close for the day and/or premium overtime rates of pay for normal or reduced staffing in the case of businesses which remain open.

18. However, the Scottish Retail Consortium estimates that retail sales on a bank holiday can increase by as much as 80%, depending upon the type of retailer. With average sales on a Monday of around £35 million, this could mean an additional £28 million in retail sales alone⁴. Costs can be further offset against the potential to capitalise on increased trade arising from St Andrew’s Day in a similar way to St Patrick’s Day in Ireland and other countries.

19. Many retailers begin their Christmas season by the end of November. There is therefore increased retail income potential in having a holiday at that time of year.

20. Another potential offset against costs is the boost to the local and national economy which can result from increased leisure and hospitality spend in celebrating a National Day holiday and the possibility of increased tourism if well marketed. This would increase substantially as the holiday became more established.

² Written Answer S2W-14190 (1 March 2005)
³ North Lanarkshire Council
⁴ Scottish Retail Consortium (22 February 2005)
21. In a similar debate about instigating a St George’s Day holiday in England, the independent brewery Charles Wells, estimated that celebrating a national day could generate in the region of £38 million from tourism and festivities⁵.

**POTENTIAL BENEFITS ACCRUED**

22. Trying to identify costs and benefits in relation to work is problematic as much depends upon estimates and assumptions. For example, there are immeasurable costs and benefits which undoubtedly accrue in terms of work/life balance. A recent report found that 73% of the total UK working population say that they regularly work over and above their contracted hours of work⁶. Despite the European Working Time Directive, some 4.5 million people work over 48 hours per week. The detrimental effect of long working hours can lead to high levels of stress, depression and other forms of ill-health which in turn can lead to inefficiency, less productivity and additional costs to employers. According to NHS Health Scotland, stress alone costs UK business an estimated £3.7 billion and the loss of 80 million working days per year⁷.

23. It is acknowledged that workers in the UK work long hours compared with their counterparts in the rest of Europe but a study by the Chartered Institute for Personnel and Development (CIPD) indicates that this culture is changing to the extent that some workers value holidays above cash payments⁸.

24. Benefits to employers of additional holiday entitlement could include better recruitment and retention of staff as well as an enhanced employer image. Other benefits include creating a more positive employee attitude which, in turn, can have a positive impact on productivity.

______________

**PRESIDING OFFICER’S STATEMENT ON LEGISLATIVE COMPETENCE**

25. On 17 May 2005, the Presiding Officer (Right Honourable George Reid MSP) made the following statement:

   “In my view, the provisions of the St Andrew’s Day Bank Holiday (Scotland) Bill would be within the legislative competence of the Scottish Parliament.”

---

⁶ Intelligent Finance Report: UK at Work, 2004
⁸ Chartered Institute for Personnel and Development, Flexible Working: Impact and Implementation, 2005