

Title: 2012 Diamond Jubilee Extra Bank Holiday Lead department or agency: Department for Culture Media and Sport (DCMS) Other departments or agencies: Department for Business, Innovation and Skills (BIS)	Impact Assessment (IA)
	IA No: DCMS009
	Date:
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Other
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Summary: Intervention and Options

What is the problem/proposal under consideration? Why is government intervention necessary?

Government is planning to mark the The Queen's Diamond Jubilee with a one off additional bank holiday in 2012. This follows the precedent set for the Golden Jubilee in 2002 and the Silver Jubilee in 1977. The late May bank holiday will be moved to **Monday 4 June 2012** and the extra bank holiday will take place on **Tuesday 5 June 2012** throughout the UK (including Scotland).¹ This will create a special four day Jubilee weekend. Government intervention is necessary because only Government can recommend to The Queen that She declare an extra bank holiday (via a Royal Proclamation).

What are the policy objectives and the intended effects?

An extra bank holiday will enable celebrations for The Queen's Diamond Jubilee to be centred around a four day Jubilee Weekend in early June 2012. This will allow communities across the UK from all sections of society the time to come together, should they so wish, to celebrate the events of the last 60 years. There will be tangible and intangible costs and benefits associated with having an extra bank holiday e.g. lifting national spirit, national pride, tourism, trade, etc.

What policy options have been considered? Please justify preferred option (further details in Evidence Base)

Two options were considered. The first option considered involved doing nothing and breaking with the tradition of marking Jubilees with an additional bank holiday. The second option considered involved moving the late May bank holiday to coincide with the additional bank holiday. This option was agreed as it follows precedent and tradition and will create a special Jubilee weekend which gives communities sufficient opportunity, should they so wish, to enjoy the occasion and arrange special celebrations. There is no statutory right to time off or extra pay for employees on a bank holiday. This is a contractual matter between employer and employee.

When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?

This policy will not be formally reviewed as it is not applicable or relevant. However there will be several ways in which the success and objectives of the Diamond Jubilee programme will be measured e.g. media coverage (domestic and international), levels of domestic and international tourism and public participation in key Jubilee events.

Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?

N/A

¹ To note that bank holidays are a devolved responsibility in Scotland

SELECT SIGNATORY Sign-off

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible SELECT SIGNATORY:..... Date:.....

Summary: Analysis and Evidence

Policy Option 1

Description:

Price Base Year 2010	PV Base Year 2010	Time Period Years 1	Net Benefit (Present Value (PV)) (£m)		
			Low: -3,570	High: 1,061	Best Estimate: -1,210

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	-1,100	0	-1,062
High	3,700	0	3,570
Best Estimate	1,300	0	1,210

Description and scale of key monetised costs by 'main affected groups'

- Lost output for businesses that close or operate at reduced capacity

Other key non-monetised costs by 'main affected groups'

- Change in school regulations to reduce the minimum length of the school year in maintained schools by one day
- Operational impact due to staff absences in health services, local authorities, transport etc

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	N/A	N/A
High	N/A	N/A	N/A
Best Estimate	N/A	N/A	N/A

Description and scale of key monetised benefits by 'main affected groups'

- Increase in leisure and tourism revenues (in retail and hotels/restaurants sectors), included in costs calculation.
- Estimates of benefits are accounted for in the cost figures given the calculation approach adopted. Illustrative figures of the scale of benefits from bank holidays are discussed on page 12. These range from a boost to retail spending of £35m in Scotland to £620m in UK leisure/tourism spending.

Other key non-monetised benefits by 'main affected groups'

- Benefits of leisure from additional day off
- Community building (celebrations will be inclusive of all sections of society)
- Increase in civic pride, national identity and profile of UK to the rest of the world

Key assumptions/sensitivities/risks

Discount rate (%)

3.5

The analysis assumes that the loss in output arising from the Diamond Jubilee bank holiday is proportional to the loss in output observed for the Golden Jubilee bank holiday in 2002 based on ONS data. ONS data is assumed to provide an accurate description of output in Q2 and Q3 2002. Output in 2011 and 2012 is assumed to follow the path projected by the Office for Budget Responsibility March forecasts. Distortions in the data arising from the World Cup 2002 and Euro 2012 Cup are discussed under an alternative scenario but are assumed to not revise down estimated costs.

Impact on admin burden (AB) (£m):		Impact on policy cost savings (£m):		In scope
New AB:	AB savings:	Net:	Policy cost savings:	No

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?		UK			
From what date will the policy be implemented?		5/06/2012			
Which organisation(s) will enforce the policy?		N/A			
What is the annual change in enforcement cost (£m)?		N/A			
Does enforcement comply with Hampton principles?		Yes			
Does implementation go beyond minimum EU requirements?		No			
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded: N/A		Non-traded: N/A	
Does the proposal have an impact on competition?		No			
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?		Costs: 0%		Benefits:	
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties Statutory Equality Duties Impact Test guidance	No	14
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	
Small firms Small Firms Impact Test guidance	Yes	14
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	
Human rights Human Rights Impact Test guidance	No	
Justice system Justice Impact Test guidance	No	
Rural proofing Rural Proofing Impact Test guidance	No	
Sustainable development Sustainable Development Impact Test guidance	No	

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessment of earlier stages (e.g. Consultation, Final, Enactment).

No.	Legislation or publication
1	http://www.publications.parliament.uk/pa/ld20090/ldhansrd/text/100105-0002.htm
2	http://www.opsi.gov.uk/si/si2010/uksi_20100604_en_1
3	http://www.scottish.parliament.uk/business/bills/41-stAndrew/
4	ONS National Accounts Statistics
5	ONS 'Jubilee Effect Distorts Data', December 2002
6	Office for Budget Responsibility March Economic and Fiscal Outlook, March 2011
7	NG Retail, 'FIFA World Cup 2010 adds £1.6 billion GDP to UK economy'
8	Retail Research, 'Royal Wedding: New Estimates of Forecast Retail Spending'
9	The Telegraph, 'Royal Wedding'
10	Scottish Retail Consortium, 2005

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£b) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	0	0	-1.1	0	0	0	0	0	0	0
Annual recurring cost	0	0	0	0	0	0	0	0	0	0
Total annual costs	0	0	-1.1	0	0	0	0	0	0	0
Transition benefits	0	0	0	0	0	0	0	0	0	0
Annual recurring benefits	0	0	0	0	0	0	0	0	0	0
Total annual benefits	0	0	0	0	0	0	0	0	0	0

* For non-monetised benefits please see summary pages and main evidence base section

Evidence Base (for summary sheets)

A. Problem/Proposal under consideration

Queen Elizabeth II acceded to the throne on 6 February 1952. The Diamond Jubilee in 2012 will mark 60 years since Her Majesty's accession. This will be the third 'Jubilee' during The Queen's reign (Silver Jubilee, 1977, Golden Jubilee, 2002). The only other British Monarch to have celebrated a Diamond Jubilee is Queen Victoria in 1897.

Buckingham Palace is responsible for organising The Queen's programme, as well as overseeing the central plans for the four-day Jubilee weekend. This will include a programme of national celebrations and thanksgiving. The Department for Culture, Media and Sport (DCMS) is responsible for co-ordinating the Government-led aspects of the Diamond Jubilee celebrations. DCMS and the Royal Household will work together to ensure that this historic occasion is marked in a fitting manner and that the public is given every opportunity to celebrate the Diamond Jubilee as they so wish.

B. Rationale for intervention

An extra bank holiday was declared for The Queen's Silver Jubilee in 1977 and also for The Queen's Golden Jubilee in 2002. As for the previous Jubilees, the extra bank holiday scheduled for the Diamond Jubilee in 2012 will be a one off bank holiday and does not add to the number of permanent bank holidays in the UK.

The Government regularly receives requests for additional bank holidays to celebrate a variety of occasions. However the current pattern of permanent bank holidays is well established and there is no intention to increase the number. In addition, there is no statutory right to time off for bank and public holidays. Any right to time off or extra pay for working on a bank holiday depends on the terms of an employee's contract of employment.

A public consultation was not held on this issue as it was not deemed appropriate although informal consultations took place with key industry bodies including the Confederation for British Industry. All agreed that The Queen's Diamond Jubilee will be an important and historic occasion and that the celebrations in 2012 should follow previous precedents. Bank holidays are devolved in Scotland. On 19 March 2010, First Minister Alex Salmond announced that there will also be an additional bank holiday on 5 June in Scotland in 2012.

Most bank holidays are listed in the Banking and Financial Dealings Act 1971. There are other public holidays such as Good Friday and Christmas Day which arise through custom and practice. In addition, there are some Bank Holidays which are appointed or moved to another date by Royal Proclamation pursuant to powers under the 1971 Act - these include one off bank holidays to celebrate a particular occasion such as the Millennium or Royal event.

C. Policy objective

An extra bank holiday will enable celebrations for The Queen's Diamond Jubilee to be centred around a four day Jubilee Weekend in early June 2012. This will allow communities across the UK from all sections of society the time to come together, should they so wish, to celebrate the events of the last 60 years. There will be tangible and intangible costs and benefits associated with having an extra bank holiday e.g. lifting national spirit, national pride, tourism, trade, etc.

D. Description of options considered

Two options were considered:

1) Doing nothing and breaking with the tradition of marking Jubilees with an additional bank holiday.

2) Moving the late May bank holiday to co-occur with an additional bank holiday.

The second option was agreed as this follows the precedent set for the Silver Jubilee and the Golden Jubilee.

E. Costs and benefits

(i) Costs

Key Monetised Costs

The 1971 Act does not give statutory rights for staff who work on bank/public holidays to extra pay or time off - that is a matter of contract or agreement between employer and employee. 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.

In order to estimate these costs, it is necessary to know or have estimates of:

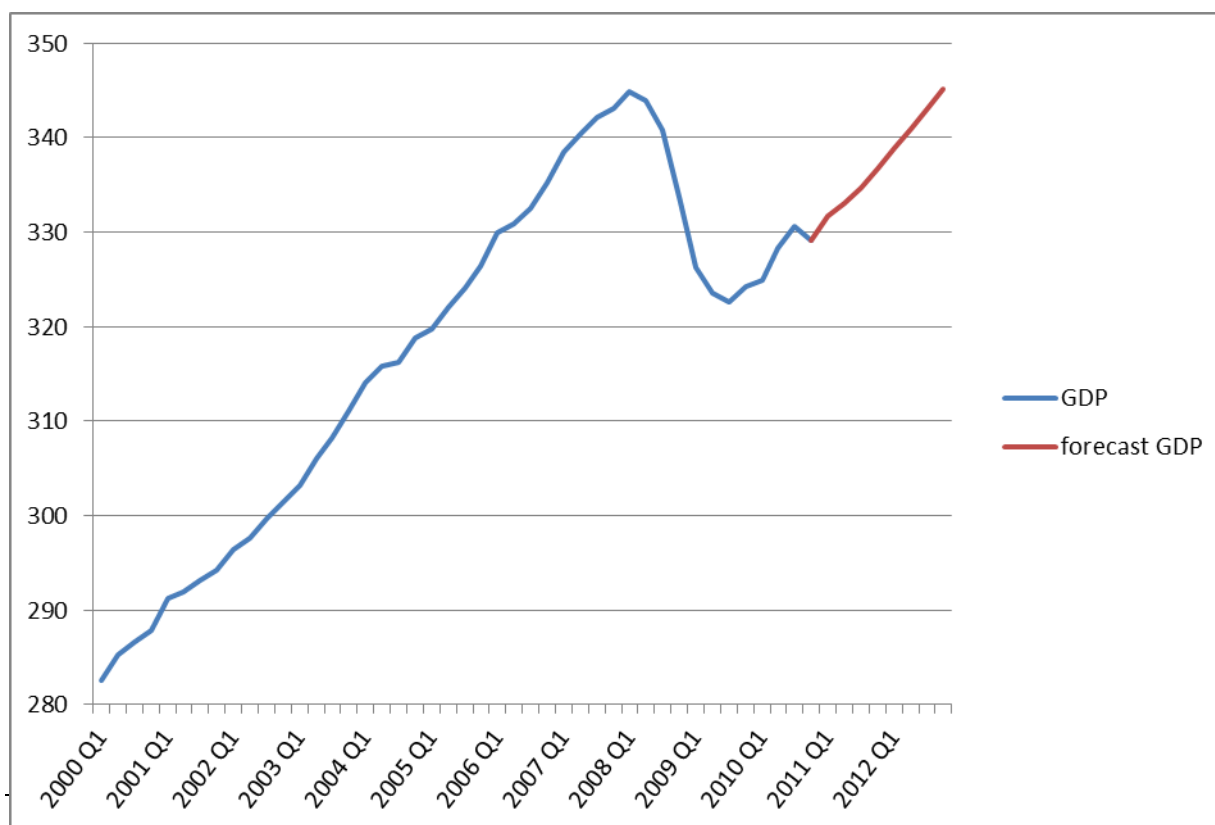
- The level of national output in 2012
- The degree to which businesses will be shut over the bank holiday
- The effect this will have on output of losing a day's production

These issues are discussed in turn below.

(i) The level of national output in 2012

There is a large degree of uncertainty involved in forecasting the level of Gross Domestic Product (GDP) in 2012. For the purposes of this impact assessment, we assume that 2012 GDP follows the path implied by forecasts produced by the Office for Budget Responsibility (OBR), who produce the Government's official macroeconomic forecasts. The OBR's latest forecasts were published in the OBR's March Economic and Fiscal Outlook. We assume that GDP grows by 1.7% in 2011 and by 2.5% in 2012. We make the additional assumption that the economy realises half of this 2.5% growth by the end of June 2012, the half way point of the year, during which time the additional bank holiday takes place. This growth profile is illustrated in Chart 1 below, in 2006 prices.

Chart 1 – Gross Domestic Product (2006 prices), Q1 2000 to Q4 2012



(ii) Degree of business shutdown

There is little evidence available on the response of businesses to the bank holiday in terms of granting their employees the day off. This is the case for bank holidays in general but even more so for one-off holidays. Moreover, the 2012 extra bank holiday falls on Tuesday 5 June and immediately follows the late May bank holiday on Monday 4 June. Coupled with the fact that this will also be school half-term week in England (education authorities in Wales, Scotland and Northern Ireland are considering the arrangements for this week) this long weekend is likely to have a marked effect on business decisions and the behaviour of workers in planning annual leave.

In the absence of detailed evidence, one approach to estimating the potential impact of the bank holiday on output would be to make various assumptions on a sector-by-sector basis to provide illustrative estimates. Intuitively, some sectors of the economy such as transport services are likely to experience a lower business shutdown rate than other sectors, such as financial services. These assumptions would then allow for a calculation of the potential loss in output arising from the loss of one productive day in each sector, the sum of which would provide a figure for the loss in output over the overall economy.

We first adopted this approach for this impact assessment and consulted widely with BIS and the ONS and industry bodies such as CBI and British Retail Consortium. We made assumptions around the degree of business shutdown, but we were unable to find any evidence to the accuracy or robustness of our assumptions. Given insufficient information on the degree of business shutdown, we ended up rejecting this approach in our analysis.

An alternative approach would be to use past evidence relating to the effect of previous additional bank holidays on output. This data could then be used to calculate what a loss in output of a proportional magnitude in 2012 would imply for 2012 output. This would imply relying on the production approach to GDP, instead of the income or expenditure approaches. These

approaches lead to the same result for overall GDP, but are based on different breakdowns for GDP.

Proceeding with this approach excludes analysis of any wage effects arising from the fact that employees working the bank holiday are likely to receive a higher wage than would otherwise be the case. This additional payment would be a transfer from one individual to another and therefore would not represent an additional cost or benefit to the economy or social welfare. Those individuals working the bank holiday would not be considered as 'working overtime', which could constitute an additional economic input. This is because in the absence of the bank holiday, the day would constitute a normal working day and therefore we are calculating the loss arising from people taking the day off over the entire working population, not the output gained from those who choose to work that day.

The Office for National Statistics published a research note in December 2002 on monthly manufacturing and services output figures for June 2002. These figures were said to have been distorted due to the Golden Jubilee celebrated in June 2002 from levels that would have otherwise been expected. Assumptions around the distortions to GDP figures for the second and third quarters of 2002 were also discussed in the note. This research note is discussed in detail below.

Using past evidence on output levels surrounding the 2002 Golden Jubilee has a number of benefits over using evidence from any other bank holidays or the sector-by-sector approach discussed above.

First, the bank holidays surrounding the Golden Jubilee are comparable to those planned for 2012, given that the late May bank holiday was also moved to Monday the 3rd of June 2002 and this was followed by an additional bank holiday on Tuesday the 4th of June 2002. The 2012 celebrations are therefore comparable with this additional bank holiday, given any additional impacts from the bank holiday arising from the fact that it was adjacent to a second bank holiday versus an additional bank holiday occurring in isolation. Additional impacts of this nature might include any behavioural impacts such as a higher likelihood of people going on holiday given a longer break.

A second benefit of this approach relates to the fact that evidence on output levels around the Golden Jubilee should also incorporate the impact of any changes to consumption expenditure by households around the four day weekend. This might lead to potential increases in revenues in some services sector industries such as catering and hotels. This impact might not play as large a role in past evidence relating to an additional bank holiday arising in isolation. A sector-by-sector analysis would require arbitrary assumptions around the effect of the bank holiday on these sectors.

Third, evidence on 2002 output also incorporates the productivity adjustments that employees might make around a four day weekend. For example, one employee taking an additional day of leave from work on the bank holiday is unlikely to lead to a 20% reduction in productivity for that week, as that employee is likely to make adjustments to their productivity levels on days adjacent to the bank holiday. Evidence from 2002 should also incorporate this effect on productivity arising from an additional bank holiday in a four day weekend context.

One complication relating to using ONS statistics on output arise from the need to isolate the effect of the Golden Jubilee bank holiday from other events occurring in June 2002 that might also distort output figures. One event that is also likely to have distorted output figures in that month was the 2002 World Cup held in Japan and South Korea.

The World Cup and other major sporting events are generally expected to provide a temporary boost to the economy. This is due to the positive impact of additional consumer expenditure and business spending on advertising being strong enough to more than offset any negative impact

from workforce absenteeism. For example, the Centre for Economics and Business Research (CEBR) estimate that the South African 2010 World Cup provided a net boost to the UK economy of £1.6bn. The 2002 World Cup is nonetheless expected to have had a much larger effect on workforce absenteeism than in 2010, due to the fact that the time difference between the UK and South Africa is only two hours versus a much larger time difference with East Asia. The CEBR estimate that the impact of the timing of matches in the 2002 tournament probably made the overall impact of the World Cup negative for the UK economy. The effect of the World Cup is discussed in more detail below.

(iii) Effect on output

The ONS research note on the 'Jubilee effect' states that the index of manufacturing output declined by 5.4% and the index of services output declined by 1.8% over the month of June. Both indices recovered the following month, manufacturing by 5% and services by 1.8%. The ONS research note states that all the main manufacturing industries appeared to have seen a similar impact, while in the services sector, the impact appeared to have been concentrated in the distribution, business services and finance industries.

The ONS research note states that GDP growth accelerated from 0.6% in Q2 2002, when the Jubilee bank holiday occurred, to 0.9% in Q3 2002. Without the 'Jubilee effect', the ONS estimate that GDP quarterly growth would have been between 0.8 and 1.3% in Q2 and between 0.2 and 0.5% in Q3. The ONS caveat that the precise effect depends on the extent to which the output fall in the Jubilee month reflected lost output, or output that was re-scheduled to other months.

Using this estimate of the effect on GDP to analyse an output loss in 2012 is more useful than the figures for the fall in manufacturing and services output. This is because the quarterly GDP figures include May, the month in which the Monday bank holiday should have occurred. The monthly output figures exclude any positive or negative impacts on May output arising from the loss of the bank holiday in that month. Secondly, the ranges estimated by ONS for GDP in the absence of the 'Jubilee effect' lend themselves more easily to scenario analysis for 2012 output.

(iv) Effect of Golden Jubilee on 2002 Output

The ONS regularly revise published statistics, as additional information becomes available for a particular month or quarter. This is also the case for the manufacturing, services and GDP data discussed in the 2002 research note.

Revised manufacturing output figures now show a 5.4% fall over June, followed by a 4.3% rise over July. Services output for 2002 show a -2.1% fall in June and a 1.9% increase in July. Due to these and other revisions, Q2 and Q3 GDP have now been revised down to 0.4% and 0.7%. Both figures are now 0.2 percentage points lower than estimated in 2002.

In order to calculate the effect that the Golden Jubilee is likely to have had on output based on ONS's estimates, it is necessary to calculate what ranges would apply to these revised quarterly GDP figures.

Two scenarios are analysed. One is the pessimistic case, where growth would have been in the higher ranges in the absence of the 'Jubilee effect'. This is the pessimistic case, as higher output in the absence of the 'Jubilee effect' would imply a greater loss in output due to the effect. The optimistic case is one in which growth would have been in the lower ranges estimated by ONS, as the change in output due to the bank holiday is less severe.

The loss in output due to the 'Jubilee effect' is then calculated in two steps. First, we calculated what the loss in output would have been in the absence of the bank holiday for both the pessimistic and optimistic cases compared to the actual output figures published in 2002, before revisions. The proportionate difference between the actual output and output under the two scenarios is then applied to the revised GDP figures for 2002. These calculations show that in the pessimistic case, the loss in output (in 2006 figures) over Q2 and Q3 due to the 'Jubilee effect' was £3.0bn. In the optimistic case, the Jubilee provided a £0.9bn boost to the economy. The average of these is a £1bn loss in output, which can be taken as a best estimate.

(v) Effect of Diamond Jubilee on 2012 Output

The analysis above is then applied to figures for 2012, when the level of GDP will inevitably be much higher than in 2002, as forecast by the OBR.

The pessimistic scenario assumes that the economy grew by 1.3% and 0.5% in Q2 and Q3 of 2002 instead of those published by the ONS. The economy is assumed to grow at the rate implied by ONS figures from Q4 2002 onwards to Q4 2010. Growth from Q1 2011 to Q4 2012 is assumed to follow the path projected by the OBR. The proportionate difference between actual output and output under this scenario in 2002 is then applied to OBR forecast output in Q2 and Q3 GDP in 2012, as forecast by the OBR. This produces a £3.4bn loss in output for the economy in Q2 and Q3 2012 from the 'Jubilee effect'.

In the optimistic scenario, the economy grew by 0.8% and 0.2% in Q2 and Q3 2012 instead of those published by the ONS. From Q4 2002 onwards, the economy evolves as in the pessimistic scenario. The proportionate change in output in 2002 under the optimistic scenario is then applied to 2012 GDP. This produces a gain of £1bn from the Jubilee bank holiday.

The average of the pessimistic and optimistic cases can be used as a best estimate of the costs of the bank holiday. This produces a loss of £1.2bn to the economy.

The GDP data produced by the ONS is indexed at 2006 prices. Adjusting these figures to 2010 prices using the GDP deflator produces a £3.7bn loss in the pessimistic case, a £1.1bn gain in the optimistic case and a £1.3bn loss for the best estimate.

As discussed above, these estimates of costs should ideally be adjusted for the impact of the World Cup that took place in June 2002. Major sporting events are generally thought to provide a net boost to the economy through additional spending, though most research in this area focuses on the economic impact of the major sporting event to the host economy instead of external economies.

There is a lot of uncertainty surrounding the impact of both the bank holiday in 2002 and the 2002 World Cup. As discussed above, there is reason to think that the impact of the World Cup may have had a negative impact on output.

One justification for not adjusting these cost figures for the impact of the World Cup is that this would involve arbitrary assumptions regarding the impact of 2002 World Cup. Secondly, June 2012 will see the Euro 2012 championship and therefore June 2012 figures also incorporate the impact of a major sporting event, making these figures comparable with those for June 2002. The Euro 2012 will also be held over the entire month of June, but in Poland and the Ukraine, which implies a different time difference effect. Third, given that the net impact of the 2002 World Cup is likely to have been negative, our estimate of the 'Jubilee effect' is likely to be more conservative than optimistic.

If we were to accept the CEBR estimate of the cost of the 2002 World Cup to the UK economy, this would imply that cost estimates should be adjusted by £0.9bn. This would imply that the

most pessimistic scenario would lead to a £2.8bn loss to the economy. The optimistic scenario would lead to a £2bn gain to the economy. The best estimate would average -£0.4bn.

Many different estimates have been recently produced on the costs and benefits of a bank holiday, given interest in not only the Diamond Jubilee but the Royal Wedding bank holiday. Some estimates produce an overall positive effect from increase retail and leisure spending, while others focus on the loss in output arising from people taking the day off. Our estimates fall in between those ranges.

Estimates of a positive and negative impact both make intuitive sense. If the one bank holiday day is considered in isolation, then the impact on output is likely to produce a sharp negative impact on output as the loss in productivity is likely to exceed the increase in spending for that one day. If the day is considered in a wider context, then the net effect might be positive. This is because firms are likely to boost production in later months, to offset the loss in production over that one day to, for example, meet orders. This is particularly true if we consider production figures for the three months after the bank holiday, as we have done by considering Q3 output. Though firms might not be able to totally offset the loss in production for that one additional bank holiday, three months gives time to 'play catch up'. Furthermore, the increase in spending in other sectors, such as retail and tourism, might be substantial and therefore might offset the loss in production once the boost to or 'catch up' in production in later months is taken into account. Since cost benefit analysis should consider all impacts of the government intervention, it makes sense to consider not only the effect on output over the bank holiday day or month, but also the upward distortion in production figures for months following the event. This is why our calculations for the impact of the bank holiday range from a net cost to the economy to a net boost to the economy. On balance, we expect that the overall impact will be negative.

Key Non-Monetised Costs

The extra bank holiday currently falls outside the usual half term break, however, in England, the Department for Education has made regulations to reduce the minimum length of the school year in 2011/2012 by one day: to a minimum of 378 half-day sessions, or 189 days. This will allow children and school staff to benefit from the extra bank holiday.

It is anticipated that most schools in England will take their half-term break w/c 4 June instead of the last week in May (education authorities in Wales, Scotland and Northern Ireland are considering the arrangements for this week). The Joint Council for Qualifications is planning the timetable for public examinations on this basis.

The bank holiday may also impact on provision of front line services of local government but only to the same extent as other bank holidays.

(ii) Benefits

Key Monetised Benefits

The Diamond Jubilee Bank Holiday could potentially provide the business community with opportunities to increase revenue, especially in retail, tourism, leisure and hospitality.

For example, the Scottish Retail Consortium estimated that retail sales on a bank holiday can increase by as much as 80% depending on the type of retail. With average Monday sales in Scotland of around £35 million, this could mean an additional £28 million in retail sales alone (Scottish Retail Consortium, 22 February 2005).

Other research by the independent brewery Charles Wells shows that celebrating a national day could generate in the region of £38 million from tourism and festivities.

Taking another example of a national holiday, various estimates have been produced for the potential revenue that will be generated from the Royal Wedding on April 29th 2011. These range from £515m by the Centre of Retail Research to £620 million by Verdict Research. The former includes spending on food and drink, souvenirs, memorabilia, merchandise and other tourism and retail spending.

Therefore, in addition to the costs to business in terms of lost output, there are also likely to be offsetting benefits arising from:

- Increased revenues from leisure and tourism in the wholesale and retail and hotels and restaurants sectors in the GDP breakdown

Calculating these benefits on a sector-by-sector basis would necessitate assumptions around the degree to which these sectors would benefit from the bank holiday. Incorporating these benefits into the output figures discussed in the 'costs' section of this impact assessment would also involve double counting of the boost to revenues in these sectors. This is because the ONS figures for output should already include this effect.

We have therefore not calculated these separately, to avoid double counting, but have provided the above figures as illustrative.

Key Non-Monetised Benefits

Many employees will chose to take the day off. This implies that the value they place on the additional leisure day exceeds the value they place on the wages potentially gained from working during the bank holiday. This is true even if the potential wages for working on the bank holiday are higher than on a normal working day. This is because, in many cases, they would instead choose to work. The value people place on leisure could be proxied by using wage rates. In the absence of robust figures or analysis in this area, these benefits are not quantified here and therefore do not form part of the NPV calculation.

In addition to these private benefits, there is evidence that the ability to spend time away from work on holiday is a key component in work-life balance and that there are significant health benefits from taking holiday, including reduced stress levels and sickness absenteeism. There are also likely to be wider societal benefits from stronger family relationships and greater social cohesion. Other benefits include an increase in civic pride, national identify and a positive effect on the profile of the UK to the rest of the world.

F. Risks and assumptions

Due to the lack of evidence on the cost impact of bank holidays to the economy a number of assumptions have been made in arriving at cost-benefit estimates for the 2012 bank holiday. These are outlined in the analysis above.

Inevitably there will be an impact on economic output as most workers are likely to be given the day off by their employer. It is difficult to predict accurately.

G. Administrative burden and policy savings

There will be minimal administrative burdens implications. In addition, this proposal was announced two years in advance which will allow enough time to mitigate any issues or risks.

H. Wider impacts

Statutory Equality Duties

The extra bank holiday is available to all sections of society. In addition, the Government and Royal Household hope that the creation of a four day weekend will allow communities across the UK the time to come together, should they so wish, to celebrate The Queen's Diamond Jubilee in their own way. This is likely to involve all sections of society cutting across age, class, faith, race, disability, gender etc. This creation of a new and additional opportunity for communities could also encourage people to become more involved with their communities which could lead to more effective participation in the governance, design and delivery of services, reduced isolation and stronger social ties.

Two equalities impact assessment screenings have been developed for all of the Government led aspects of the Diamond Jubilee in the UK and again in Northern Ireland (to address the additional equality legislation in NI).

Economic Impact on Small Businesses

The extra bank holiday is deemed to have a potential impact on small businesses, however, there is no statutory obligation either for employers or employees to take the day off or to give extra pay for employees on a bank holiday.

No consultation around the impact on small businesses was carried out as it was not deemed appropriate although informal consultation took place with key industry bodies including the CBI. All agreed that The Queen's Diamond Jubilee will be an important and historic occasion and that the celebrations in 2012 should follow previous precedents. In addition, to date, the Government has not received any responses or correspondence about the potential adverse effect of the extra bank holiday for small businesses.

The Government has also taken steps to mitigate the impact for small businesses by an early announcement of the bank holiday on 5 January 2010 and by publication of this impact assessment.

Implementation

This is a one-off measure and will take effect on 5 June 2012.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p>Basis of the review: [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review];</p>
<p>Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p>
<p>Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p>
<p>Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]</p>
<p>Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p>
<p>Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection of monitoring information for future policy review]</p>
<p>Reasons for not planning a PIR: A formal post implementation review will not be undertaken as it is not applicable or relevant for this proposal. However there are likely to be several ways in which the success and objectives of the Diamond Jubilee programme will be measured. This will include media coverage (domestic and international), levels of domestic and international tourism and public participation in key events that will take place over the central weekend in early June 2012.</p>