Treasury Committee
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Sir Tom Scholar
Permanent Secretary
HM Treasury
Via email

15 December 2021

Dear Sir Tom,

Pre-Budget press briefing

During your evidence to the Committee, when asked whether you considered the pre-Budget briefing of the increase to the National Living Wage to the press as market sensitive, you said it was not, because “the national living wage is an economy-wide measure. It is not a sectoral or company-specific measure”.

The Committee would welcome further written evidence from the Treasury to substantiate its view that the announcement in the Budget on the National Living Wage was not market sensitive and that pre-briefing of the measure did not offer potential for market abuse.

The Committee notes that, following the announcement, the hospitality sector made statements that the increase in the National Living Wage would have a particular effect on their sector. Tim Martin, Chairman of JD Wetherspoon, (a listed company), said that the pub industry would have to increase prices by more than supermarkets, where wages are a smaller share of costs. He said that pubs and restaurants, which have to pay VAT on food sales and face higher business rates than supermarkets, would be at an even greater disadvantage. He said: “If tax equality was instigated, creating a level playing field, the pub industry would support the minimum wage increase. The tax disparity, invisible to customers, is the hidden weight on pubs and restaurants, making them, in the long term, uncompetitive.”[1]

The Committee also notes that the Office for National Statistics deems the retrospective reporting of economy-wide earnings data, such as that published in its Labour Market Overview, to be market sensitive and to warrant a secure ‘lock-in” briefing.[2]

I would be grateful if in your response you can set out why the Treasury deemed the announcement not to be market sensitive in the context of the points set out in this letter, and whether the Treasury took legal advice to inform its position.

I shall be placing this letter and your response in the public domain.

With best wishes,

Mel Stride

Rt Hon. Mel Stride MP
Chair of the Treasury Committee

[1] The Times: Budget boost for low-earners as minimum wage rises by 6.6%, 26 October 2021
[2] The ONS' Labour market overview contains average weekly earnings data and earnings and employment data from PAYE real time information among other things.