



Isle of Man
Chamber of Commerce

Member Briefing:

Living Wage 2025/26

Overview:

Statistics Isle of Man has published the [2025/26 Living Wage report](#), setting the Isle of Man Living Wage at **£13.74 per hour**, an increase of £0.69 from the previous year. This figure is derived using a methodology aligned with the UK Living Wage Foundation, adjusted for local cost differences. Importantly, this year's figure is subject to a '**shock absorber**' mechanism which limits annual increases in response to significant changes in Minimum Income Standards (MIS).

Key Points:

- The calculated living wage without the 'shock absorber' would have been **£16.03 per hour**.
- Increases in the 2024 MIS, especially for families with children, have significantly impacted calculated household expenditure.
- The 'shock absorber' mechanism, applied in both the UK and IoM, restricts wage increases to **3% over the current rate of inflation**, mitigating volatility.
- Changes in societal expectations around acceptable living standards have contributed to increased MIS costs.

Business Implications:

- **Cost Pressures:** Employers may face increased expectations from employees to match or align with the Living Wage, though it remains a voluntary benchmark.
- **Recruitment and Retention:** As cost of living pressures rise, employers not meeting the Living Wage may experience challenges in attracting and retaining staff, particularly in sectors with lower average pay.

Business Reactions & Insights

Members are likely to hold a range of views:

- **Positive Reactions:**

- A useful benchmark to validate pay strategies and reinforce their commitment to staff wellbeing.
- Helps with staff retention and attraction, especially in a competitive employment environment.
- Enhances reputation through socially responsible business practices.

- **Concerns/Challenges:**

- Adds pressure to payroll budgets, especially for SMEs and sectors with narrow margins (e.g., hospitality, care, retail).
- May be perceived as a de facto standard, even though it is not compulsory.
- Some members may question how well the methodology reflects business realities.

This note is based on official data published by Statistics Isle of Man (June 2025)

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